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The selfish gene: kind to be cruel

World Business Newspaper FRIDAY APRIL 21 1995 D8523A

Banks throw doubt on $22bn hostile bid for Chrysler

The prospects for Kirk Kerkorian's proposed $22.8bn hostile bid for Chrysler appeared to diminish as a number of the country's biggest banks said they were unlikely to back a deal. Indications that Mr Kerkorian would have difficulty raising the $12bn of debt he has proposed to back the leveraged bid came the day after Bear Stearns ruled itself out as a adviser on the buy-out. Page 23

Chirac backs strong franc: Jacques Chirac, the Gaullist front-runner in the French presidential contest, stressed his commitment to a strong franc and an independent central bank in an attempt to ward off criticism of his financial policies ahead of Sunday's first round of voting. Page 22

European Commissioners review treaty:

European Commissioners admitted that they must bridge a "gulf" between EU institutions and "the man in the street" so that European integration can "again be a source of inspiration". The Commission had gathered to review the Maastricht treaty, the framework for the future shape of the EU, but the mood under the new Commission president, Mr Jacques Santer (above), was very different to that under his predecessor, *Mr Jacques Delors*. Page 3

Kozyrev remarks cause alarm: Remarks by Russian foreign minister, Andrei Kozyrev, that Moscow would be prepared to use force to defend the interests of Russia's citizens living in the "near abroad" have provoked a diplomatic storm. Page 2

Peugeot posts $640m profit: Peugeot Citroën, the French car group, returned to the black last year, exceeding market forecasts with a net profit of FFr3.1bn ($640m), compared with a loss of FFr1.4bn in 1993. Page 23; Lex, Page 22

Israel criticised over N-treaty: Egypt bitterly criticised Israel's failure to sign the nuclear Non-Proliferation Treaty, saying it was a cause for serious "imbalance" in the Middle East. Page 6

Court clears beer label change: The US Supreme Court has ruled that the alcoholic content of beer brands can be written on the bottle or can, overturning a 60-year ban that prevented people from knowing the strength of the brew they were drinking. Page 4

Fujitsu plans US or UK site: Fujitsu, the Japanese computer and electronics maker, yesterday announced plans to invest between Y80bn ($990m) and Y100bn in a new semiconductor manufacturing plant that will be built in the US or UK. Page 22

VW plans China expansion: Volkswagen, Europe's biggest car producer, plans to meet China's rising demand for cars by almost doubling capacity at its Shanghai joint venture. Page 7

Italian company drops Stet plan: IRI, the Italian government holding company, abandoned proposals by two rival groups of Italian banks to buy the state's majority stake in the Italian telecommunications company Stet. Page 23

Compaq sales jump 30%: The world's largest personal computer manufacturer, Compaq Computer, reported flat first-quarter earnings, on a 30 per cent jump in sales. Revenues for the quarter were $2.96bn, up from $2.3bn. Page 24

Pilkington wins $700m order: Pilkington, the UK-based glassmaker, announced the largest single order won by the group – a long-term contract worth more than $700m to supply General Motors with automotive glass products in the US. Page 7

Lyons mayor sentenced: Mayor of Lyons, Michel Noir, received a 15-month suspended prison sentence and was banned from running for political office for the next five years for his role in a corruption scandal. Page 3

Britain tourism drive in Asia: Britain is to open tourist offices in South Korea and Taiwan in an attempt to capitalise on the growth of travel from Asia. Page 8

Danish workers join strike: Danish workers staged an illegal one-day strike to protest against the government's privatisation policies – disrupting public transport and services, international flights and some industrial production.

Chernobyl clean-up to cost $600bn: A senior Ukrainian parliament deputy said that erasing the aftermath of the 1986 Chernobyl catastrophe would cost up to $600bn.

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	4,219.59	(+12.1)
NASDAQ Composite	817.25	(+0.7)
Europe and Far East		
CAC40	1,882.8	(+7.10)
DAX	1,955.97	(+4.93)
FT-SE 100	3174.7	(+4.6)
Nikkei	16,643.86	(+266.98)

■ US LUNCHTIME RATES

Federal Funds	$5\frac{15}{16}$%
3-mth Treas Bills: Yld	5.744%
Long Bond	$103\frac{7}{16}$
Yield	7.333%

■ OTHER RATES

UK: 3-mo Interbank	$6\frac{11}{16}$%	($6\frac{21}{32}$%)
UK: 10 yr Gilt	$100\frac{5}{32}$	($100\frac{15}{32}$)
France: 10 yr OAT	97.27	(97.22)
Germany: 10 yr Bund	101.88	(101.77)
Japan: 10 yr JGB	109.208	(Same)

■ NORTH SEA OIL (Argus)

Brent 15-day (Jun)	$18.74	(18.45)

■ GOLD

New York: Comex		
(Jun)	$394.7	(397.4)
London:		
close	$393.5	(396.7)

■ DOLLAR

New York: lunchtime		
£	1.609	
DM	1.38425	
FFr	4.893	
SFr	1.1436	
Y	83.285	
London:		
£	1.6125	(1.6169)
DM	1.3704	(1.3542)
FFr	4.8555	(4.8055)
SFr	1.1321	(1.1167)
Y	82.665	(81.08)

■ STERLING

DM	2.2096	(2.1896)
Tokyo close:	Y 82.05	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	KSL60
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00
Czech Rp	CZK55	Israel	Shk7.80	Oman	OR1.50	Spain	Pta225
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.60
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00
Finland	FM15	Kuwait	Fils.825	Portugal (m'land)	Es230	Tunisia	Din1.500
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000
Germany	DM3.60	Lux	LFr70			UAE	Dh12.00

German chancellor criticises Clinton over extent of budget deficit

Kohl urges US to back dollar

By Andrew Fisher in Frankfurt

Germany's Chancellor Helmut Kohl made strong attack on US economic policy yesterday, calling on President Bill Clinton "not to let the dollar drown".

In unusually blunt language, Mr Kohl said US policies were "not acceptable", and that the US should bring its budget deficit under control.

The slide in the value of the dollar, which closed in Frankfurt yesterday near its record low at DM1.37, has drawn complaints from German exporters and warnings that jobs would be lost to lower-cost countries.

Mr Kohl's remarks, in a television interview last night, reflect the German view that countries should remove the causes of pressure on their currencies. He was speaking before next week's meeting in Washington of the International Monetary Fund's policymaking interim committee which will consider recent currency instability.

An indication that Germany would take a tough line at the IMF meeting came from Mr Hans Tietmeyer, president of the Bundesbank. He spoke out yesterday against possible attempts to agree co-ordinated measures to stabilise currency markets. The meeting will be preceded by talks between finance ministers and central bank governors of the Group of Seven leading industrial countries.

He reduced hopes of an agreement in Washington to calm markets, saying that target zones for exchange rates were of no help if countries' economic policies were too divergent and not oriented to stability. The main problems lay in budgetary rather than monetary policies.

Mr Tietmeyer also repeated German opposition to a new issue of Special Drawing Rights – the IMF's reserve asset – to provide extra liquidity for countries in crisis, though he said this now seemed to be off the agenda. "There is not a deficit of liquidity in today's world but a lack of solidity in the pursuit of stability policies."

He noted that the consequences of the Mexican financial crisis would also be discussed in Washington, and added: "In our view, there is no patent cure, either for the stabilisation of exchange rates or for the avoidance or solution of problems such as those recently in Mexico."

Generous new international financing facilities could lead to "moral hazard problems" in some emerging nations by weakening their sense of responsibility to put their own economies right, he said. But the IMF should improve its economic surveillance activities and consider early warning systems.

Mr Tietmeyer said central banks had limited scope for action in currency markets. "Central banks are certainly not helpless, but they must follow stability-oriented domestic

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Increasing anger: trade unionists carrying a banner and traffic-sign placards saying 'Stop the rise of the yen' march through Tokyo yesterday to a rally attended by 1,800 people. The protesters blamed the US for pushing up the value of the Japanese currency. Picture: Reuters

Fed predicts a soft landing and no recession ....Page 4
Stay-at-home investors drive the yen's rise ....Page 5
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Richemont offers £1.62bn for Rothmans

By Roderick Oram, Consumer Industries Editor, in London

The Rupert family of South Africa yesterday made a surprise recommended offer to take Rothmans International, the cigarette maker, private in a deal worth £1.62bn ($2.62bn).

Its offer of 625p a share for the 39 per cent of the company it does not already own values Rothmans at £4.2bn. Richemont, the Swiss-based holding company controlled by the family, said it was the most efficient way of returning Rothmans' cash pile to shareholders.

With Rothmans a private company, the Ruperts will have access to its strong cashflow. The family is, for example, rapidly expanding its international media interests. It is already one of the largest participants in pay-television through a 50 per cent stake in Network Holdings (Nethold), which has operations in Europe and Africa.

Nethold, a pioneer in digital transmission, will begin service on the Astra and Eutelsat satellites before the end of the year.

News of the potential bid comes only two weeks after the Bronfmans of North America, another wealthy family, redirected one strand of their investments into media with a $5.7bn bid for 80 per cent of MCA, the Hollywood studio.

Richemont said it would finance the offer with £550m of cash in Rothmans reserves plus £1.08bn of unsecured loan facilities arranged through a small group of banks to the benefit of Rothmans. Rothmans stock units, which have outperformed the market and other tobacco stocks in anticipation of a special dividend to return some of the group's cash to shareholders, closed up 118p at 606p in London.

Richemont said it would not bid for Rothmans subsidiaries which have minority public shareholdings in Australia, Singapore, Malaysia and Canada. Nor would it bid for the 30 per cent minority it does not own in Vendôme, the maker of luxury goods including Cartier watches, Montblanc pens and Dunhill lighters.

The City was surprised by the timing of the announcement because the Ruperts only restructured their holdings in Rothmans and Dunhill in 1993.

Analysts estimate that Rothmans has close to £700m of cash on its balance sheet and Vendôme about £450m, Of the Rothmans cash, about 30 per cent is in subsidiaries which Richemont does not intend to buy.

A price of about 625p a share is around 15 times this year's forecast earnings per share and thus at a premium of about 17 per cent to the market. "This is a generous offer but the Ruperts can afford to finance it at a low rate in Switzerland and through Rothmans' cash," Mr Nyren Scott-Malden, a BZW analyst, said.

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Four held as US searches for Oklahoma City bombers

By George Graham in Washington and Robert Peston in London

Four people were being held last night following the Oklahoma City bombing as rescuers struggled to find more survivors of the blast, which has killed at least 36 people.

One of the four was detained yesterday at London's Heathrow airport and was later returned to the US for questioning after being refused entry to the UK.

The unidentified man, carrying a US passport, had arrived on a flight from Chicago and was questioned for several hours by immigration staff.

The UK Home Office refused to disclose further details about the man. However, he is believed to be of Middle Eastern or Asian origin and is thought to have been travelling to Italy.

Last night police at Rome airport seized three suitcases off a flight from Chicago. The police said the luggage had been in transit for a Middle Eastern country. The other three men, all believed to be of Middle Eastern origin, were being held on immigration charges, according to the US authorities. Two were detained in Dallas, Texas, and one in Oklahoma City. The US authorities say the death toll from the car bomb blast, which devastated the nine-storey government office building in Oklahoma City on Wednesday, is expected to climb, with many still missing.

Bomb ends complacency in 'Anytown USA' ....Page 4
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Mr Gary Marrs, Oklahoma City fire chief, said 36 deaths had been confirmed, including 12 children. He cautioned, however, that authorities were counting only bodies that had been removed from the building. More bodies were visible in the wreckage.

More than 400 people have been treated at local hospitals, and around 700 of the more than 900 people who work in the building have been accounted for, Mr Marrs said. US authorities were careful yesterday to avoid closing off any line of investigation or narrowing their search to any specific suspects.

Mr Weldon Kennedy, head of the Federal Bureau of Investigation team in Oklahoma City, said his agency had issued worldwide alerts for information relating to the bombing, but was processing hundreds of possible leads.

In Washington, President Bill Clinton warned against jumping to conclusions about the identity or nationality of the attackers. "I must urge you not to speculate on who is guilty yet or what their connections are," he said at a White House news conference.

Mr Clinton reiterated his promise of swift and severe retribution for the bombers, saying: "Whoever did it, we will find out, and there will be justice that will be swift and certain and severe. And there is no place to hide."

IBM chief welcomes results as sign of turnround

By Louise Kehoe in New York

Mr Lou Gerstner, who took over as chairman and chief executive of International Business Machines two years ago when the computer company was suffering heavy losses, yesterday said the group's record results for the first three months showed that "the transformation is gathering momentum".

Last year IBM achieved its first full year of profitability and revenue growth since 1990. And it reported yesterday that net earnings for the first three months rose almost four times to $1.3bn or $2.12 a share. That compares with $336m or 54 cents a share in the same period last year when results were adjusted for the sale of IBM's Federal Systems business in March 1994 and accounting changes.

Total revenues for the period were $15.7bn, up from $13.4bn in the same period last year and well above the previous first-quarter record of $14.2bn in 1990.

The results contrasted with those of Compaq Computer, the world's largest personal computer manufacturer, which yesterday reported figures in line with Wall Street expectations. Net income was flat at $216m or 80 cents a share, despite a 30 per cent rise in sales.

Despite the strong quarter for IBM, Mr Gerstner sounded a note of caution. "Although the signs are encouraging, it's important to put our first-quarter results into perspective," he said. "The first quarter of last year was relatively weak, which makes this year's first-quarter performance look especially strong. Our results also benefited from the strength of some currencies."

Currency fluctuations added about 6 percentage points to revenue growth in the quarter, said Mr Jerry York, chief financial officer. However, cost increases due to currency changes offset the gains. Earnings per share would have been $1.98 without the effects of currency changes.

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NEWS: EUROPE

German security chiefs under pressure to quit

By Michael Lindemann in Bonn

Senior officials in Germany's intelligence service came under increasing pressure to resign yesterday after press allegations implicating them in a plan to smuggle Russian plutonium into Germany.

Der Spiegel news magazine claims in its most recent issue that BND undercover agents from Germany's intelligence service, had lured Russian sellers to Munich last August offering to pay $276m for a plutonium shipment.

The Munich operation, in which German secret agents intercepted 363g of plutonium 239 on a flight from Moscow, followed a spate of incidents last summer when enriched plutonium was found in Germany, including one batch in a garage near Lake Constance in southern Germany.

Yesterday, the Bundestag (lower house of parliament) committee which oversees the security services met in secret in a soundproof room to discuss the allegations made in the Der Spiegel news magazine.

The article alleged that Mr Bernd Schmidbauer, Chancellor Helmut Kohl's security services minister, and Mr Konrad Porzner, head of the BND, had mounted the Munich sting. Mr Schmidbauer and Mr Porzner were believed to have been questioned by the committee.

Mr Günter Verheugen, a senior member of the opposition Social Democratic party (SPD) said that if the reports were proved correct, the affair would be "the most serious scandal Germany's security services had ever experienced".

Mr Manfred Such, the first and only member of the Green party to sit on the nine-member parliamentary committee, yesterday demanded the resignation of both Mr Schmidbauer and Mr Porzner.

Speculation about the background to the incident is likely to upset relations between Russia and Germany. In Moscow, officials of the nuclear energy ministry dismissed the reports. A spokesman said the plutonium had been made in Germany but had been flown to Moscow and back to Munich to make it seem as if it had originated in Russia.

A German government spokesman, however, described these suggestions as "absolutely absurd".

Mr Norbert Gansel, an SPD member of the Bundestag committee, charged Mr Schmidbauer with lying during an earlier parliamentary hearing when he had said that BND agents had not been not involved in the Munich operation.

Mr Such yesterday had intended to brief journalists but later declined after threats from the committee that he would be dismissed if he revealed details of its meetings.

He would only say that he would recommend that the Green's parliamentary party put down a motion in the Bundestag for a parliamentary inquiry into the affair. "As you can see I'm frustrated. I am not allowed to report anything from the session," he told waiting journalists.

Kozyrev remarks on use of force fuel fears in ex-Soviet states

By John Thornhill in Moscow

Recent remarks by Mr Andrei Kozyrev, Russia's foreign minister, that Moscow would be prepared to use force to defend the interests of Russia's 20m citizens living in the "near abroad" have provoked a diplomatic storm in some former Soviet states.

They have also aroused fresh fears about the more hawkish line being adopted by the Kremlin.

Mr Kozyrev's views have been interpreted as a veiled threat by some Baltic states, where tensions between the local population and the ethnic Russian minority have been running high.

Earlier this week, the Interfax newsagency quoted Mr Kozyrev as saying: "There may be cases when the use of direct military force will be needed to defend our compatriots abroad."

Estonia condemned this statement as being incompatible with "international standards of behaviour".

The foreign minister's remarks have been cited as further evidence of the more aggressive foreign policy line being adopted by the Russian government.

Mr Kozyrev, once labelled Mr Da (Mr Yes) because of his seemingly compliant attitude to the west, has laced several recent speeches with an overtly nationalist edge and has been one of the more forceful apologists for Russia's actions in rebel Chechnya.

"There is clearly a more determined pursuit of Russian national interests," said one western diplomat in Moscow yesterday. "Mr Kozyrev is trying to deny the hardline politicians, such as Mr Vladimir Zhirinovsky, a monopoly on nationalism."

The Izvestia newspaper yesterday poked fun at Mr Kozyrev, lampooning his ambitions to become the fourth "power" minister alongside the hawkish occupants of the defence, interior and counter-intelligence ministries.

The liberal newspaper suggested Mr Kozyrev was increasingly resembling the caricature of a Russian nationalist, whom he had parodied in an infamous speech in Stockholm in 1992 in an attempt to shock his western audience.

Even Mr Vladimir Lukin, chairman of the parliamentary committee on international affairs, who has previously criticised the "soft" policy pursued by the foreign ministry, distanced himself from Mr Kozyrev's latest remarks, suggesting they went too far.

However, the Russian foreign ministry was doing its best to play down the controversy yesterday, describing the reaction of foreign governments – especially in the Baltics – as "strange". The ministry's spokesman said any normal modern state had the right to employ a whole spectrum of measures in the defence of its fellow citizens' interests – including force.

Mr Kozyrev also tried to set the record straight after discussing the issue with President Boris Yeltsin at their regular weekly meeting. He said Russia, like other states, had the right to protect its interests and citizens by force in exceptional cases. "I have been saying this for almost five years in the capacity of foreign minister, but I have been heard only now," he said. "What are the army and navy for if they cannot protect our citizens and interests?"

Ethnic Russians demonstrate in the Crimea in favour of their "president" Yuri Meshkov who was sacked earlier this month by the Ukrainian parliament, which also abolished the Crimean constitution as pro-separatist. The Crimean peninsula is part of Ukraine *Reuter*

Hungary puts slice of heritage on sale

By Nicholas Denton in London and Julius Strauss in Budapest

A slice of central European heritage has gone on sale.

The Gerbeaud Palace, home of Budapest's legendary patisserie, is on the market for Ft1.5bn (£7.8m). Bidders have until June 7 to put in offers for the 19th century neo-classical building in the Hungarian capital's Vaci Street district, the region's most glamorous shopping area.

Foreign bidders are welcome. The patisserie, although a Hungarian institution, is no stranger to foreign ownership. It takes its name from Emile Gerbeaud, a Swiss cakemaker, who bought it in 1884.

His portrait still stares down on the old ladies and tourists who sip the powerful coffee and eat the extravagant cakes.

The successful bidder will acquire a slice of tradition as thick and rich as the *torta* which the Gerbeaud serves.

The gilded ceilings, the vaulted rooms and the marble floors date from the coffee house's establishment in the building in 1870, as Austria and Hungary forged the dual monarchy and Budapest embarked on its golden age of cultural and economic dynamism.

The rooms have survived two world wars and the division of central Europe. Gerbeaud's cognac cherries in chocolate and *dobos torta*, the drum cake with its hard caramel top, have made its way into Hungary's culinary repertoire.

The buyer, obliged by the tender to preserve the coffee house, will take on a drabber, more recent legacy. The communists who came to power after the second world war nationalised the coffee houses. Gerbeaud was rechristened Vorosmarty, after a radical Hungarian poet.

The habitués never stopped using the original name, though, and it was restored when Hungary embarked on democratic reform. But the building and the operator of the coffee house have remained state-owned. Service is as sloppy as the creamiest cakes.

Post-communist attempts at privatisation have also left their mark. Since 1989 the Hungarian authorities have sold the building once, cancelled the transaction and written three subsequent tenders for sale, two of which have failed.

One German buyer went bankrupt before completion and the Hungarian police last month announced that they had launched an inquiry into suspected fraud and misuse of funds in the privatisation.

The State Property Agency, Hungary's much-criticised privatisation authority, has a slogan meant to convey resilience: "Privatisation goes on." In Gerbeaud's case it has gone on – and on and on.

OBITUARY: MILOVAN DJILAS

Tito comrade who turned to dissent

Milovan Djilas, the first of the great communist dissidents and whistle-blowers, died yesterday in Belgrade at the age of 85.

After 20 years as a dedicated revolutionary and more than a decade as the closest comrade of Marshal Tito, the Yugoslav partisan leader and post-war president, he was jailed in 1953 and excoriated for exposing the hypocrisy of the communist system and the corruption of its leaders.

A writer and intellectual as well as a revolutionary and man of action, he published his most famous book, The New Class, while he was in jail in 1957. In it, he laid bare the true nature of the self-appointed "vanguard of the proletariat" and castigated communism as a system for industrialising backward countries which led inevitably to tyranny.

Disillusionment set in after the war when Djilas, then vice president, was sent by Tito to Moscow for difficult negotiations which ended with the traumatic break between the Yugoslav communists and Stalin. In his book "Conversations with Stalin" the wiry Montenegrin-born envoy provided penetrating insights into the suspicious, arbitrary and claustrophobic world of the post-war Kremlin and the cruel personality of the Soviet dictator at the onset of the cold war.

He was a staunch supporter of Tito's split from Stalin, but became disillusioned as the gap widened between the theory of socialism and the practice of the Yugoslav variant, self-management. His inner revolt came into the open in the early 1950s and in 1953 he was sent to prison "for nine cold winters", as he wrote in his autobiography. As the regime mellowed and became more secure Djilas was released from jail but was never fully rehabilitated.

He remained a firm partisan of the Yugoslav ideal until his death and a strong critic of President Slobodan Milosevic, whose stimulation of aggressive Serb nationalism contributed to the destruction of the federal state which emerged from the partisan struggle.

Rome casts anxious eyes on regions

Local polls throughout mainland Italy next Sunday could determine whether a general election is called before the summer, writes **Robert Graham**

Kiss with your eyes closed but vote with your eyes open – This catchy slogan, on a poster picturing two students in a passionate embrace, has been the sole attempt at humour in the campaign for Italy's regional and local elections on Sunday. It also happens to come from a fringe group, the Young Communists.

For the main parties there has been little scope for humour in a hard-fought battle that will determine the political timetable of the rest of the year. The re-election of all the 15 mainland regional governments (Sardinia and Sicily are excluded) plus a number of local administrations has become an important test of electoral sentiment.

It involves all but 5m of Italy's 47m voters, and the outcome will offer a reasonably accurate portrait of how the main parties stand. But, more importantly, Sunday's polls will give a good idea of the respective strengths of the two main alliances that now dominate Italian politics and which will contest the next general election – possibly before the summer but more likely in October.

President Oscar Luigi Scalfaro has raised the political stakes by stating magisterially that he cannot but take note of the result. This is an oblique way of saying that he may have to forgo his long-standing aversion to an early general election in the light of the voters' verdict.

The rightwing alliance headed by Mr Silvio Berlusconi, the previous prime minister and leader of Forza Italia, has entered the campaign with a clear lead in the polls. Strict new laws governing the conduct of elections have banned the publication of polls from three weeks before polling. But, prior to this, the rightwing alliance that includes as principal partner the National Alliance, heir to the neo-fascist MSI, had at least 54 per cent of the vote.

In contrast, the centre-left alliance, co-ordinated by the former communist Party of the Democratic Left (PDS), appeared to be trailing. It was further weakened by the decision of Mr Umberto Bossi's populist Northern League to go it alone in the key northern regions of Lombardy, Piedmont and the Veneto.

The centre-left alliance also failed to take on board the entire Popular party (PPI), the heirs of the long-governing

> Sunday's polls will give a good idea of the strengths of the two main alliances that now dominate Italian politics

Christian Democrats who garnered the centre vote. Last month's split in the PPI saw Mr Rocco Buttiglione, the party leader, join forces with Mr Berlusconi, taking with him seven of the 33 deputies and an indeterminate number of potential votes.

Despite these setbacks, the centre-left has kept its nerve and exploited well its key strengths: the countrywide organisational network of the PDS and the generally strong record of the left in local government. This has undoubtedly allowed the centre-left to recover ground. Earlier this week, Mr Massimo D'Alema, PDS leader, predicted his alliance would lose but by the narrowest of margins: gaining seven regions as opposed to the rightwing alliance's eight.

By going public in this way, he has made himself a potential hostage to fortune. However, his confident prediction has at least provided a benchmark by which to judge the result. If Mr Berlusconi and his allies on the right win more than eight regions, they can claim a clear victory. This in turn would give Mr Berlusconi a freer hand to call for a snap election before the summer, something he has been demanding for three months.

Winning anything less than nine regions would be a serious blow to Mr Berlusconi and make it most unlikely that a general election would be held before October.

In the run-up to the vote a number of variables could cause some big surprises on the day. The first concerns the large floating vote in the centre which accounts for more than a third of the electorate. Both alliances have sought candidates to head the regions with credentials that appeal to this floating vote. For instance, in the two most politically important regions – Lazio (Rome) and Lombardy (Milan) – all four candidates are clearly identified as Catholics while their party labels are played down.

Secondly, there have been, and will be up until the last moment, efforts to persuade League voters to rally behind the centre-left candidates in Lombardy, Liguria, Piedmont and the Veneto. If this happens, the right's hopes of making a clean sweep of the north could well be thwarted.

Finally, Mr Berlusconi and his supporters fear that a fine Sunday in late April will deter many of their potential voters from going to the polls. A low turn-out is almost certain to improve the chances of the centre-left.

CONTRACTS & TENDERS

The Croatian Privatisation Fund

hereby announces the sale of 24.90 percent of the equity of

PLIVA d.d. pharmaceutical company

at an auction to take place on 8 May 1995
at the Zagreb Stock Exchange, Ksaver 208, Zagreb, Croatia.

Total equity is estimated at 701 million German marks. The current ownership structure is as follows: 58.48% is owned by the Privatization Fund, two pension funds own 29.76% of the equity, while the employees own 11% of the stock.

Pliva, founded in 1921, is Croatia's leading pharmaceutical company. It produces a bulk substance azithromycin which is used for a new generation antibiotic marketed under the name of Sumamed.

Buyers will be required to pay in public debt bonds for frozen foreign exchange deposits available at a discount from Croatian banks and brokerage firms. All the addresses can be obtained from the Zagreb Stock Exchange.

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LEGAL NOTICES

NOTICE PUBLISHED BY THE SECRETARY OF STATE UNDER SUBSECTIONS 8(5) AND 10(6) OF THE TELECOMMUNICATIONS ACT 1984

The Secretary of State hereby gives notice as follows.

1. Whereas a notice was published on 21 July 1993, in which it was stated that the Secretary of State had granted to City of London Telecommunications Limited ("COLT") a licence under the Telecommunications Act 1984 ("the Act") to run telecommunication systems in London and its vicinity, it is now announced that he proposes to revoke that licence and issue to COLT Telecommunications ("the Licensee") a licence to run telecommunication systems throughout the United Kingdom. The licence will be for a period of 25 years subject to earlier revocation in specified circumstances.

2. The principal effect of the licence will be to enable the Licensee to install and run telecommunication systems throughout the United Kingdom. The Licensee will be able to provide a wide range of services but excluding mobile radio services and certain international services. The licence authorises connection to a wide range of other systems. On securing a share of 25% or more of the market in respect of particular services in an area specified by the Director General of Telecommunications, the Licensee may be obliged to make available those telecommunication services to all who reasonably request them within that area.

3. The licence will be subject to conditions such that section 8 of the Act will apply to it, thereby making each of the systems run under the licence eligible for designation as a public telecommunication system under section 9 of the Act. It is the intention of the Secretary of State to designate each of the Licensee's systems as a public telecommunication system.

4. The Secretary of State proposes to grant the licence in response to an application from the Licensee for such a licence because he considers that it will help to satisfy demands in the United Kingdom for the provision of services of the type authorised, will promote the interests of consumers in respect of the quality and variety of such services, and will maintain and promote effective competition between those engaged in the provision of telecommunication services.

5. He proposes to apply the telecommunications code ("the Code") to the Licensee subject to certain exceptions and conditions throughout the United Kingdom. The effect of the exceptions and conditions to the application of the Code is that the Licensee will have duties:

(a) to comply with various safety and environmental conditions, in particular (with certain exceptions) to install lines underground or only on such above-ground apparatus as is already installed for any purpose;

(b) to comply with conditions designed to ensure efficiency and economy on the part of the Licensee, in connection with the execution of works on land concerning the installation, maintenance, repair or alteration of its apparatus;

(c) to consult certain public bodies before exercising particular powers under the Code, including the local planning and highway authorities and English Nature, Scottish Natural Heritage, the Countryside Council for Wales, the National Trust and the National Trust for Scotland, as well as relevant electricity suppliers;

(d) to keep and make available records of the location of underground apparatus and copies of the exceptions and conditions in the licence to its powers under the Code; and

(e) to ensure that sufficient funds are available to meet certain liabilities arising from the execution of street works.

6. The reason why the Secretary of State proposes to apply the Code to the Licensee is that the Licensee will need the statutory powers in the Code to install and maintain the telecommunication systems which are to be installed and run under the proposed licence.

7. The reasons why it is proposed that the Code as applied should have effect subject to the exceptions and conditions referred to above are that they are considered requisite or expedient for the purpose of securing that the physical environment is protected, that there is no greater damage to land than necessary, that the systems are installed as safely and economically as possible, and that the Licensee can meet (and relevant persons can enforce) liabilities arising from the execution of works.

8. Representations or objections may be made in respect of the proposed licence, the application of the Code to the Licensee and the proposed exceptions and conditions referred to above. They should be made in writing by 22 May 1995 and addressed to the undersigned at the Department of Trade and Industry, Telecommunications Division, Room 2.78, 151 Buckingham Palace Road, London, SW1W 9SS. Copies of the proposed licence can freely be obtained by writing to the Department or by calling 0171-215 1756.

Alan Proud
Department of Trade and Industry

21 April 1995

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EU wants to be 'source of inspiration'

By Emma Tucker in Brussels

European commissioners admitted yesterday that they must bridge a "gulf" between EU institutions and "the man in the street" so that European integration can "again be a source of inspiration".

The full Commission had gathered to review the Maastricht treaty, the framework for the future shape of the EU, but the mood under Mr Jacques Santer, the new Commission president, was very different to that under his predecessor, Mr Jacques Delors.

In stark contrast to the bold advances of Maastricht, indications from yesterday's meeting were that the Commission favours a more consensual approach, with a strong emphasis on consolidation and open public debate.

The meeting was supposed to begin preparing an agenda for an inter-governmental conference (IGC) next year, but the Commission spokesman said that this event would not seek extra powers for the EU's executive arm in Brussels. This was because, one official admitted, "there is a feeling that it overplayed its hand in Maastricht".

The 17 commissioners present did discuss the controversial issue of watering down the national veto in EU decision-making. They agreed that the expansion of the Union would make decisions increasingly difficult and that the number of areas in which a unanimous vote was required should be reduced.

In particular, Germany and the more integration-minded smaller states want to reduce the power of the veto and introduce more majority decision-making, a move strongly opposed by the UK.

Along with its sister-institutions, the Council of Ministers and the European parliament, the Commission has to produce a report on the application of the Maastricht treaty. This is expected to be completed on May 10 and likely to focus on several key issues including:

- reform of procedures in the Council of Ministers, the EU decision-making body, in particular dilution of the national veto in favour of more qualified majority voting. It will also look at the role of the European parliament in decision-making;
- strengthening the EU's fledgling common foreign and security policy;
- the so-called third pillar, whereby the 15 member states are acting together to tackle immigration and cross-border crime;
- the future composition of the Commission, now 20 strong, in particular whether to end the system of giving all members a commissioner in Brussels;
- a review of the system of six-month rotating presidencies of the EU.

The Commission clearly intends to tread carefully in the run-up to the IGC, wary of creating another Maastricht-style backlash from Europe's citizens.

"The Commission seems to be afraid of being shot down at an early stage," an official said.

Denktash faces former ally in election run-off

By John Barham in Istanbul

The future of Mr Rauf Denktash, for 30 years the undisputed leader of Cyprus's minority Turkish community, will be decided tomorrow by a small number of mainly left-wing voters.

Turkish Cypriots are going to the polls in a second round of voting to choose a new president. Mr Denktash, 71, who is running as an independent for another five-year term, was only about 10,000 votes short of a majority in the first round last weekend.

The president, who had hoped to win an outright majority, suffered an unexpected reverse in the first round when he took only 40.4 per cent of the 92,982 valid votes cast.

This forced him into a bruising second round against the second-placed candidate, Mr Derviş Eroglu of the conservative UBP national unity party, who took 24.1 per cent of the vote.

Mr Denktash now faces the toughest challenge to his leadership since the proclamation of the Republic of North Cyprus in 1983. The outcome of tomorrow's vote depends on how he and Mr Eroglu carve up votes that went to the five other candidates in the first round.

Mr Eroglu, formerly Mr Denktash's ally and for eight years his prime minister, says he is certain he will take most of the other candidates' protest votes. However, Mr Denktash is only 10 percentage points shy of a majority and has considerable patronage at his disposal.

Although the elections are attracting international interest, local issues are dominating the campaign.

Mr Denktash's support is slipping for two reasons. He is blamed for the economy's decline, caused mainly by an international trade embargo. Tourism is down by a third and last July the European Union banned imports of citrus and textiles from north Cyprus.

Second, electors are unhappy about the president's attempt to replace the present parliamentary form of government with a presidential system. Voters fear this would increase Mr Denktash's considerable powers. Mr Eroglu has capitalised on this by emphasising themes like change and democracy.

However, both men share the same rhetoric over the question of talks with the majority Greek Cypriots. The island was divided after Turkish troops invaded in 1974 following a Greek-backed coup in Cyprus. Attempts to reunify the island have foundered, with mediators usually blaming Mr Denktash's obduracy for failure of talks.

Yet a shifting international context is forcing north Cyprus, which is recognised only by Turkey, into a more conciliatory position.

In March the EU convinced Greece to lift its veto on a customs union agreement with Turkey by offering Cyprus a timetable for EU membership talks.

More than a few of those key 10,000 voters believe it should be the cunning, combative Mr Denktash who should represent them in talks with a hostile world.

EUROPEAN NEWS DIGEST

Brussels agrees anti-trust deal

The European Union has formally rubber-stamped an agreement with the US allowing anti-trust authorities to co-operate on big competition cases. The agreement has been in force for almost four years but was challenged in court by France as it was signed by the European Commission alone and not EU states as a whole. The European Court of Justice agreed with France in August 1994 that the agreement should have been signed by the EU's Council of Ministers, but did not annul it.

Using the agreement, the US Department of Justice and the Commission forced Microsoft, the software group, to change its licensing practices in July 1994. The US-EU agreement provides for the exchange of information, on the condition of confidentiality, on cases which might affect competition on both sides of the Atlantic. A similar agreement is being negotiated with Canada.

■ The Commission yesterday began separate anti-dumping inquiries into EU imports of Chinese and Thai furfuryl alcohol and imports of polyester textured filament yarn from Malaysia. *Reuter, Brussels*

Netherlands rebuked on Kurds

Turkey, in an unusual rebuke of a European ally, called an emergency meeting of Nato ambassadors yesterday to protest that the Dutch government had allowed an assembly of separatist Kurds to meet on its soil. In summoning the meeting, Ankara cited article 4 of Nato's founding treaty, which provides for emergency consultations if any member feels its territorial integrity is being threatened. Although Nato's activities have frequently been disrupted by disputes between Turkey and Greece, diplomats at Nato headquarters said they could remember no precedent for yesterday's démarche by one alliance member against another.

The Netherlands restated its position that it is not legally entitled to close the Kurdish assembly unless it is clearly linked with terrorist activity. *Bruce Clark, London*

Polish banker fired over fraud

The president of the Polish state-owned bank Powszechny Bank Kredytowy has been dismissed after the bank was defrauded of an estimated 59m zlotys ($25m) at one of its branches. Ms Barbara Zambrzycka was accused of negligence over the fraud at the PBK's branch in Wyszkow, a small town 50km north of Warsaw, between mid-1993 when the branch was opened and the middle of last year. The losses arose from the extension of poorly secured loans to clients who had little intention of repaying them. The state prosecutor was notified by the PBK of suspected fraud last August and six people, including the Wyszkow branch manager, have since been arrested under suspicion of abetting the fraud.

The case is anomalous in that improvements in the central bank's supervisory framework have in the past two years reduced serious fraud which damaged banking balance sheets in the first few years of Poland's free market reforms. The losses are relatively small compared to the Warsaw based-bank's 5.7bn zlotys balance sheet at the end of last year and 371m zlotys worth of reserves, but they have bitten into last year's net profit of 161m zlotys. It has meant that the PBK has been overtaken in the queue for privatisation by the Bank Gdanski, which goes on sale later this year. *Christopher Bobinski, Warsaw*

UN's Bosnia hopes hit again

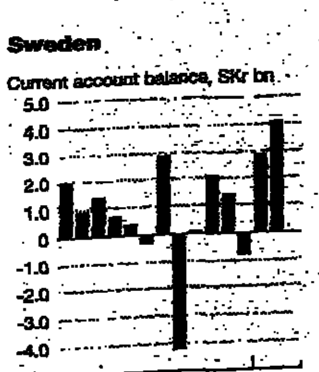
Efforts to shore up the UN mission in Bosnia were dealt another blow yesterday when the Moslem-led Bosnian government ignored appeals to renew a shattered ceasefire and the Bosnian Serbs reneged on a deal to open the city airport, despite promises on Wednesday. Mr Yasushi Akashi, the UN special envoy to former Yugoslavia, travelled to Sarajevo yesterday to persuade the government to extend the truce when it expires on May 1. France, the single biggest contributor of troops, has threatened to withdraw its 4,200 soldiers from former Yugoslavia if the ceasefire is not renewed.

After two French peacekeepers were killed in Sarajevo, France pushed through a UN resolution on Tuesday calling for the extension of the truce. But Mr Haris Silajdzic, prime minister of Bosnia, made clear that Sarajevo would not renew the truce. He attacked the west for leaving the Bosnian capital vulnerable to the better-armed Serbs.

Diplomats yesterday worried that the UN Security Council would shorten the suspension of sanctions against Serbia on the grounds that Belgrade is clandestinely supplying the Bosnian Serb military. The diplomats said this would reduce the already minimal international leverage over President Slobodan Milosevic of Serbia. *Laura Silber, Belgrade*

ECONOMIC WATCH

Boost for current account



Sweden's efforts to overcome the crisis in its finances were bolstered yesterday by news of a higher than expected current account surplus for February and lower forecasts for the budget deficit and borrowing requirement in the 1994-95 fiscal year. The current account showed a SKr4.1bn ($561.6m) surplus, against SKr2.9bn in January and SKr0.9bn in February 1994. The main impact was a higher trade surplus of SKr9.6bn, against SKr5.8bn a year ago, as exporters benefited from the weak krona and rising demand but imports remained depressed because of weak consumer demand. The National Audit Office forecasts that Sweden's budget deficit will be SKr161bn, or 11 per cent of gross national product, in the year to June 30. This is SKr10bn less than its February forecast and reflects higher tax income amid economic recovery. The forecast for Sweden's borrowing requirement in 1994-95 has been lowered to SKr196bn from SKr204bn. *Christopher Brown-Humes, Stockholm*

■ Dutch seasonally adjusted manufacturing production rose 2.3 per cent in February compared with January. February manufacturing production was 5.2 per cent higher than in the same month of 1994.

■ Portugal's current account deficit in February fell to Esc140.3bn ($961m).

Court sentences Michel Noir for role in corruption scandal

Election bar for mayor of Lyons

By Andrew Jack in Paris

Mr Michel Noir, the mayor of Lyons, yesterday received a 15-month suspended prison sentence and was banned from running for political office for the next five years for his role in a corruption scandal.

Mr Pierre Botton, his son-in-law and the businessman at the centre of the trial, received a four-year prison term, a fine of FFr2m ($413,200) and a five-year ban on running a company, while Mr Michel Mouillot, mayor of Cannes, was given a 15-month suspended sentence and a five-year ban on running for office.

The prosecutors charged that Mr Botton embezzled about FFr33m from his companies during the 1980s, some of which he then disbursed in the form of gifts and political contributions to his supporters. Other sums went to maintain his lifestyle.

Among the others put on trial in Lyons was Mr Patrick Poivre d'Arvor, the flamboyant television presenter, who also received a 15-month suspended prison sentence and a FFr200,000 fine.

Mr Charles Giscard d'Estaing, nephew of France's former president, was given an 18-month suspended sentence and a FFr100,000 fine, as well as a ban on running a company for the next five years.

The judgment, in theory, prevents both Mr Noir and Mr Mouillot from running again for mayor in their two municipal elections, just two months before voting for new five-year terms begins.

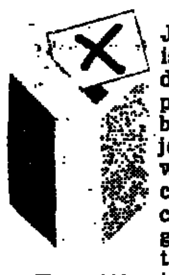
However, both men and a number of the other defendants criticised the verdicts and stressed they would be appealing. Mr Botton said yesterday that he did "not understand" the judgment, and added: "I want justice."

Mr Botton had built up a diverse network of companies including chemists, carpentry and health food shops. He was influential in bolstering Mr Noir's political base in Lyons, France's second largest city, before relations between the two men turned sour.

Mr Noir was a former ally of Mr Jacques Chirac, the front-runner in Sunday's presidential election, but was expelled from the Gaullist RPR party. He has been the target of recent attacks by political opponents hoping to take control of Lyons in the elections. However, his aides were insisting recently that he intended to run again for office.

Commitment to tough health reform leaves Balladur ailing

The premier has alienated France's doctors, says David Buchan



FRENCH ELECTIONS
April 23/May 7

Jacques Chirac is the doctors' darling. In a poll conducted by a medical journal last week, 48 per cent of the country's 80,000 general practitioners said they would vote for the mayor of Paris in Sunday's presidential election. Only 13 per cent said they would support Mr Edouard Balladur, the prime minister.

The latter's rating was even below the 22 per cent support for Mr Lionel Jospin, candidate of the Socialist party which has little following among French doctors.

The reason is obvious. Mr Balladur has promised that, if elected president, he would continue the reforms that last year reduced the rate of increase in health spending to 2 per cent, down from 6-7 per cent the year before. The prime minister has negotiated spending and price agreements with doctors and drug companies, threatening them with compulsory controls if the agreements failed to produce results.

Mr Chirac, campaigning with the slogan "No to rationing, Yes to rationalisation", believes health spending should be determined by people's needs and the ability of medical science to meet those needs, not by the country's economic capacity to pay. He acknowledges waste in hospitals, but rejects any closures.

But if he wins, Mr Chirac will be faced with some large figures in the red. The Balladur government estimates that despite its reforms, the deficit in the basic state health insurance system will rise from FFr29bn ($5.99bn) last year to FFr33bn this year. Mr Raymound Soubie, a former adviser to Mr Chirac and author of a recent health white paper for Mr Balladur, reckons both candidates underestimate the deficit, which he believes will turn out to be about FFr100bn for 1994-95.

The French health system is Europe's most extravagant. The country devotes nearly 10 per cent of its gross domestic product to it, compared with 8.7 per cent in Germany and less than 7 per cent in the UK. "If we could just reduce our spending by 1 per cent of GDP – which is roughly FFr60bn – we could wipe out the deficit," a Balladur official says.

There are two main reasons why French health spending has increased by 4.8 per cent a year on average in 1980-92, compared with an average rise of only 2.2 per cent in the rest of Europe.

The first is that the system gives patients a free choice of doctors, and doctors a free choice of medicines to prescribe, while at the same reimbursing a high proportion of the cost. Despite the fact that France spends 30 per cent more than Britain on health, "the French system is probably slightly less good than the UK one in terms of public health, but infinitely more comfortable for patients and doctors than in Britain", Mr Soubie says.

"The cost, however, of this extra comfort is 3.5 per cent of GDP", he adds.

The second reason is waste in hospitals, which account for about 45 per cent of the annual FFr600bn spending on health. "There is no overall transparency in the relative costs of different methods and treatments in French hospitals", Mr Soubie says, "so there is no means of optimising the system, of ensuring that public money goes to those hospitals which provide the best care at the least cost".

To try to tackle this the main Balladur reforms have consisted of:

- An annual contract between the CNAM state insurance agency and the medical profession to limit costs. The 1994 target was a rise of 3.4 per cent, and the eventual outcome was a 2 per cent increase. This year's target is 3 per cent.
- A *carnet medical*, or medical card, for some 4m older people, who are frequent users of the health service. The aim is to try to prevent people going from one doctor to another in an endless search for more tests and treatment.
- Prescription guidelines for doctors. This is designed to prevent doctors prescribing drugs that are incompatible or inappropriately high-powered (and therefore expensive) for common ailments.
- Three-year price contracts with pharmaceutical companies. These require companies to lower prices on older drugs, but allow them to raise prices on newer ones. French pharmaceutical prices are still on average about 30 per cent below the European average, because of past price controls which have simply stimulated over-prescription and consumption. According to the pharmaceutical industry, reimbursement payments on drugs actually fell by 0.2 per cent in the past year.

"These are all steps in the right direction", says Mr Soubie. However, he criticises the Balladur government for failing to reform the hospital sector. Hospitals have had global annual budgets since 1983, but the baseline for these budgets has not been revised to reward the efficient.

As one Balladur official puts it, Mr Chirac's free-spending rhetoric "threatens to undo our successful efforts over the past two years in instilling cost-consciousness into the medical profession". Some medical union leaders, who signed up to the Balladur slimming cure for the health system, have complained privately to Mr Chirac's advisers that the mayor of Paris has made them look stupid in the eyes of their members by claiming on the hustings that, after all, no financial dieting is necessary.

But "the medical profession would be wrong to take Jacques Chirac at his word", Mr Soubie believes. "As president he will pass the health spending issue to his prime minister, who will have to take the problem in hand."

Sitting on the fence: pigeons in front of a poster showing the main contenders in Sunday's poll AP

Bomb attack a risk of the job, says Aznar

By David White in Madrid

Mr José María Aznar, leader of Spain's conservative Popular party, yesterday defied the "savages" of the Basque separatist organisation Eta after surviving a car bomb attempt on his life on Wednesday.

Reaffirming his party's centralist policy, he said: "Spain is a great nation, which nobody can hold under threat." Apparently unscathed after his release from hospital yesterday morning, Mr Aznar put the assassination attempt down to "the hazards of the job".

"Under no circumstances will violence have the last word in Spain, whatever the terrorists do," he told a press conference.

"They will not triumph. They will fail."

Mr Aznar was hugged by party colleagues as he arrived at party headquarters amid a scrum of photographers and well-wishers.

The assassination attempt – which virtually destroyed his armour-plated car, injured 16 people and damaged several buildings – was the first against a political leader in Madrid since the end of the Franco dictatorship almost 20 years ago.

Adopting a jovial tone at a brief press conference, Mr Aznar refused to discuss the political implications of the incident. But he insisted his party was "not going to move an inch" in its policy as a result of the attack.

He said he had "more determination than ever" and would "keep working for this kind of thing to stop happening".

He also deplored the desecration on Wednesday night of the grave of Mr Gregorio Ordóñez, a local party leader who was shot dead in the Basque country in January.

Mr Aznar, who was saved from almost certain death by the armour-plating of his chauffeured car, voiced no criticism of his security arrangements.

"I have no reproaches to make," he said.

Mr Felipe González, the prime minister, said in an informal meeting with foreign journalists that the attack was "all the more serious" because Mr Aznar represented a clear alternative in government.

He described Eta as being in a position of "relative weakness", with declining public support in the Basque country. But it was still capable of mounting terrorist attacks, and evidently continued to have active groups in Madrid.

Amid general condemnation of the bomb attack, the extremist Basque party Herri Batasuna (Popular Unity) said it represented "an armed response that surges from our own society with the aim of opening democratic channels for the survival of the Basque people".

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Fed predicts a soft landing and no economic recession

Michael Prowse talks to Janet Yellen, a Fed board member

You might think these would be tense times for central bankers. But there are few signs that the dollar's precipitous decline is jangling nerves at the US Federal Reserve.

Ms Janet Yellen, one of two Clinton appointees on the Fed's seven-member board, refuses to comment publicly on the dollar. But she concedes she is grateful for her academic training. Before joining the Fed she was an economics professor at the University of California at Berkeley.

Gesturing toward her computer terminal, which beeps when the dollar moves sharply, she says she might have become quite alarmed in past weeks had she not studied past episodes of financial turbulence.

She did not elaborate, but was probably referring to the "bubbles" caused by the exaggerated short-term reactions of financial markets. The tendency of exchanges rates to overshoot has been exhaustively studied and is often invoked to help explain the dollar's extraordinary strength in the mid-1980s.

On domestic issues, Ms Yellen is more forthcoming. She says the Fed was already aware of uncertainties in the economic outlook when it raised short-term interest rates to 6 per cent in February. More recently, nearly every economic statistic, from employment and industrial production to housing starts, has begun to flash red.

She is not surprised by these "pervasive signs of slowdown" because she never expected last year's rapid growth to last. That burst of growth followed a long period of exceptionally low interest rates; once the Fed began tightening monetary policy, growth was bound to decelerate. None of the components of demand – with the possible exception of exports – seems likely to grow as fast as last year.

But is this a pause or a permanent downward shift? Could a recession be in the offing? Ms Yellen concedes that the r cent data are "a little softer than I expected." The weakness in sales has spread to manufacturing. Unsold inventories have piled up, especially at the big car companies.

Yet, looking forward, "I don't see anything that is a true negative." She means there are few signs yet of the serious imbalances – such as balance sheet strains – that usually precede a recession. Any downward pressure on demand, moreover, is being cushioned by the fall in the dollar and in long bond yields. Taking this into account "it is questionable if there has been any monetary tightening in recent months."

Ms Yellen says she still feels reasonably confident that the economy is heading for a "soft landing" – growth at a sustainable rate of about 2.5 per cent against 4 per cent last year. But the balance of risks is moving toward a weaker rather than a stronger outcome.

Ms Yellen and her fellow Clinton appointee Mr Alan Blinder, the Fed's vice chairman, are often described as "doves" on inflation.

Ms Yellen says this is not fair. As a professional economist, she accepts the so-called "natural rate" hypothesis. This says that attempts to push the jobless rate below a certain level (believed to be about 6 per cent in the US) will lead to accelerating inflation. To get inflation down again would require a costly period of unemployment in excess of the natural rate. Nobody who accepts this framework, she says, is a "dove".

She is firmly committed to the goal of "price stability" (inflation so low it does not influence business decisions) and believes the US is "not quite there." But having this medium-term goal does not mean inflation must fall "every quarter." It would not be wise to try to prevent a small cyclical increase in inflation this year. And she does not believe central banks should single-mindedly pursue an inflation goal: a commitment to growth is also important. "It is possible to do two things at once."

She says that the hallmark of the Fed's approach is close analysis of the empirical data. Interest rate decisions are based on economic projections prepared by the Fed's technical staff. In 1989, for example, the Fed began cutting rates even though inflation was above target because the forecast pointed to significantly weaker growth.

Could the same happen this year? She will not be drawn but concedes there are "many parallels" between this year and 1989.

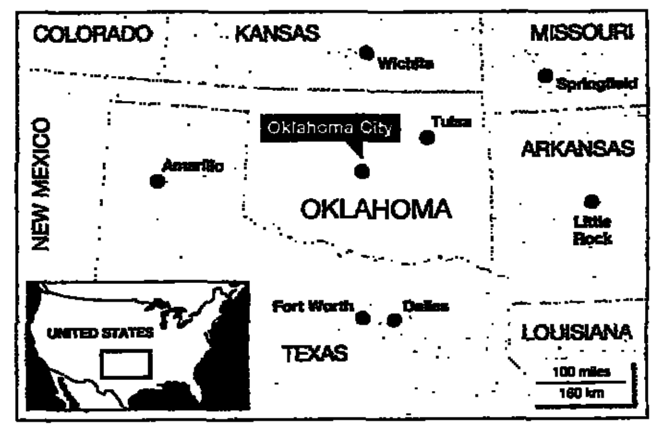
Yellen: no alarm at recent developments *Reuter*

Bomb ends complacency in 'Anytown USA'

Lisa Branstén and agencies report from Oklahoma City on the blast that shook all of America

These things are not supposed to happen in Oklahoma, considered the buckle of the "Bible belt" that cuts a swathe across the southern US.

"I can't believe it could happen in Oklahoma City. New York, Los Angeles. Oklahoma City, no," said Ms Debby Mahan who felt the tremors of the explosion on Wednesday that devastated the Albert Murrah Federal building in the city centre from her home 25 miles away. "We seem removed from places where these kinds of things go on."



Public officials watching as workers searched for survivors or clues echoed that view. "For us as Oklahomans its an unbelievable event," said Mr Frank Keating, the state governor. "I think every American is surprised that something this beastly could happen in the US".

The scene at the site of the attack and for blocks in any direction seemed more like a European city after a Second World War air raid than the "Anytown USA" that Oklahoma City was until Wednesday.

Meanwhile newspaper editorial writers were reluctant to rush to judgment in placing blame for the tragedy, some noting as did the Indianapolis Star that the bombers could just as easily have been "disgruntled fellow citizens" as Middle East terrorists or international drug dealers.

But all seemed to agree the culprits had robbed the nation of a complacency, simplicity and naive smugness that may never again be seen in the land.

In Oklahoma City Mr Keating and others said the attack was one of the risks of an open society. Senator Don Nickels added that while there might be increased security at government buildings around Oklahoma, there should be no change in the access Americans have to federal services and public officials.

"We will probably tighten security in some federal buildings, but that won't stop this kind of activity" he said. The only way to do that was to capture whoever was responsible and ensure that punishment was swift and stern, he said.

Indeed, the devastation sent the same chilling message that the bombers of New York City's World Trade Centre did in 1993 – no one is safe anywhere.

"This bombing has shattered our sense of national security, the thin veneer we felt," remarked the Cincinnati Enquirer. "The assumption that Americans are somehow exempt from such insane terrorism has been shattered like shards of broken glass in the streets of Oklahoma City."

Said the Des Moines Register: "Parents across America held their kids Wednesday night – just as Japanese parents held their kids in the wake of deadly gas attacks. Just as parents in Spain held their kids in the wake of a car bombing in Madrid. Just as parents in Chechnya, Bosnia, Rwanda, East Timor and Northern Iraq held their kids."

"Whoever did it, picked an easy target, certainly easier than the World Trade Centre is today," said Ira Lipman, president of Guardsmark, one of the country's largest security companies. "Terrorists always pick targets where they are going to succeed."

Because the state is one of the primary oil production centres of the US, speculation has centred on Middle Eastern interests, but possibilities also extend from an individual with a grudge to members of religious groups angry with domestic policies.

However, motives were not the primary concern of residents of Oklahoma City in the aftermath of the explosion yesterday. Televisions all over the city were tuned into local stations that dropped regular programming and devoted all coverage to news of the dead and injured.

Police asked local residents to stay away from the city centre, and by and large they did.

That was not the case at area hospitals and blood banks where hundreds of residents lined up to donate blood within hours of the blast.

And Dr Long Nguyen of St. Anthonys Hospital said so many doctors turned out to help that they had more than they needed to care for the hundreds of victims.

Mr Gary Mars of the Oklahoma City fire department said 432 people had been treated at four local hospitals.

Throughout the day residents continued to give blood and make donations to the Red Cross. But there were already signs that residents are eager to see life return to normal.

Those parts of the city centre not teeming with investigators, rescue workers or the media were mostly deserted. On some blocks however, workers were replacing windows shattered by the blast and preparing to re-open small businesses along the edges of the city centre.

In a chilling coincidence on the same day the bomb went off, about 100 officers had worked on a simulated car bombing and hostage incident at the equestrian centre in Atlanta, one of the sites of the next year's Olympic Games.

Games officials said they were monitoring developments in the Oklahoma bombing.

"We will, of course, request all available information relating to this explosion, study it and consider ways to improve our security if necessary," the Atlanta Committee for the Olympic Games said.

Meanwhile, wrote the Chicago Sun-Times, the bomb "has shattered our smug American self-confidence".

"In the weeks and months ahead Oklahoma City will rebuild its downtown. Security experts across the country will look for ways to protect against future attacks. Those efforts will be easy compared with the hurdle we as Americans face as we attempt to rebuild our self-confidence."

Brazil's minimum wage to rise 43%

By Angus Foster in São Paulo

Brazil's lower house of Congress has approved a government measure to lift the country's minimum wage by 43 per cent to 100 Real ($111) a month. The increase is expected to be confirmed quickly by the Senate in time to come into effect from May 1.

Under Brazil's labour laws, the minimum wage has to be increased to reflect past inflation. But President Fernando Henrique Cardoso, concerned about his popularity after taking office in January, decided to award an even bigger rise.

Many people receiving the minimum wage are either government employees or pensioners. The government intends to pay the bill for the increase by raising workers' contributions.

However, higher minimum salaries will cause concern since they could add to inflation, especially since some parts of the economy are already showing signs of overheating.

● After years of distrust verging at times on hostility, Brazil and the US cemented an "emerging partnership" yesterday when President Bill Clinton and President Cardoso met for talks at the White House, reports George Graham from Washington.

Hailing Mr Cardoso's economic achievements first as finance minister and now as president, Mr Clinton said that Brazil was now "poised to take its rightful place as a shining example for all the Americas and all the world."

Mr Clinton said he had "every confidence" in Mr Cardoso's ability to follow through on his programme of economic and constitutional reform, which he described as "essential to placing Brazil on the path of sustainable development."

Mr Cardoso, who spent some time in exile in the US under Brazil's military regime, said yesterday's meeting was the first between the leaders of the two countries for 30 years to take place without any contentious issues.

The Brazilian president said his country was now ready to play a larger role in international peacekeeping operations, and also wanted to take part in the debate over the future role of the multilateral financial institutions. Mr Clinton said he liked Mr Cardoso's ideas for reforming these institutions.

AMERICAN NEWS DIGEST

Threat to end Chiapas talks

Mexico's government threatened to call off peace talks with Zapatista rebels even before they were due to start yesterday after thousands of rebel supporters demonstrated at the negotiations site. The Interior Ministry said the demonstration of indigenous indians in support of the rebels was turning the peace talks in the conflict-torn southern state of Chiapas into a propaganda show.

"The government team is observing the evolution of this situation which, if it continues, would put at risk the start of peace talks," the ministry said. When eight Zapatista commanders arrived for the peace talks in the mountain town of San Andres Larrainzar on Wednesday evening, they won a hero's welcome from the indigenous groups who had been trucked in throughout the day.

This first round of talks is supposed to focus on measures to reduce tensions in Chiapas, where the Zapatistas took up arms on New Year's Day 1994, and set the formal agenda for the peace process. *Reuter, San Andres Larrainzar*

Pressure to drop windfall tax

Corporate Mexico is putting pressure on Mr Guillermo Ortiz, the finance minister, to drop a tax on windfall gains resulting from the devaluation of the peso. The tax is discouraging companies and wealthy individuals from repatriating capital.

The government says it will tax repatriated capital based on the foreign exchange gains accruing from the rapid depreciation of the peso. According to central bank statistics, more than $5bn fled the country in the last three months of 1994. Since the devaluation of the peso in December, and the government's subsequent decision to float the currency, the peso has lost 45 per cent of its value against the dollar. Finance officials argue that just as foreign exchange losses are deductible from a company's tax liabilities, gains made from currency fluctuations should be counted as income and taxed at the corporate rate of 34 per cent. But in the absence of exchange controls, they admit that capital movements are difficult to detect, and even more difficult to tax. Mexican businessmen counter that the government would be better served by encouraging Mexicans to repatriate their foreign savings at a time when the country is starved of dollars. *Leslie Crawford, Mexico City*

Bermuda referendum fears

Bermuda's independence referendum scheduled for July will not adversely affect the British colony's attraction to international business and its offshore financial services sector, claims one of the island's business leaders.

Business welcomed the referendum plan, said Mr Cummings Zuill, chairman of the Bermuda International Business Association. There has been concern that the economy, based on tourism and offshore financial services, could be adversely affected by a change of status.

"Since the most recent debate on independence began, billions of dollars in new insurance capital have flowed onto the island, the number of mutual funds established and incorporated in Bermuda doubled from 1993 to 1994, and hundreds of new companies have registered in Bermuda," Mr Zuill said. Bermuda's Senate recently backed the referendum following approval by the lower house. However, the parliamentary opposition has told its supporters to boycott the referendum, and is demanding that the independence issue be determined by an election. *Canute James, Kingston*

Colombian murder record

Colombia, one of the world's most violent countries where 99 per cent of murders go unsolved, notched up a new murder record in the first three months of this year with homicides rocketing 60 per cent, statistics released yesterday show. Police said 8,491 Colombians were shot, stabbed, strangled or beaten to death between January and March this year, an average of 94 murders a day.

Allowing for the different size of populations, in 1993 Colombia's murder rate was more than eight times higher than that of the US and more than 50 times higher than that of England and Wales. *Reuter, Bogotá*

Beer drinkers win the right to know their poison

By Richard Tomkins in New York

Beer drinkers in the US will be able to calculate the size of their hangovers in advance – or better still, avoid them altogether – following a change in labelling laws ordered by the Supreme Court.

The court has ruled that the alcoholic content of beer brands can be written on the bottle or can, overturning a 60-year ban that prevented people from knowing the strength of the brew they were drinking.

The federal law was introduced in 1935 after the repeal of Prohibition because of concerns that brewers would entice people to buy their beers by boosting their strength.

However not all its effects were beneficial. Drinkers intent on getting inebriated ran the risk of staying sober unless they were well informed about which beer to choose. More seriously, people thinking they were drinking a low-alcohol beer could find themselves unexpectedly drunk.

Perversely, the ban was also at odds with US laws governing the sale of wine and distilled spirits, which require alcohol content to be displayed if it exceeds 12 per cent.

As in many other countries, beer in the US typically has an alcohol content ranging between 3 per cent and 5 per cent. But newer "ice" beers, which taste deceptively light, have an alcohol content of 5 per cent to 6 per cent, and some malt beers can be even stronger.

The ban on listing beers' alcohol content was successfully challenged in a lower court by Adolph Coors, the third biggest US brewer, three years ago.

This week the Supreme Court upheld the lower court's decision, saying the ban violated the brewer's constitutional right to free speech.

Justice Clarence Thomas said curbing competition based on alcohol content could reduce alcoholism and advance public health and safety, but the beer labelling law failed to achieve that purpose because of contradictions in the regulations. For example, in many states, alcohol content is allowed to appear in beer advertisements.

Justice Thomas added that brewers employed other methods of signalling the alcohol content of their beers, such as using the words "malt liquor" to describe strong beer and "low alcohol" to denote weak ales.

Coors hailed the ruling yesterday as "a victory for American consumers, common sense and free speech."

But the National Council on Alcoholism and Drug Dependence feared the lifting of the ban could be damaging unless it were accompanied by new rules preventing brewers from using alcohol content as a marketing tool.

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ASIA-PACIFIC NEWS DIGEST

N Korea, US 'break off talks'

North Korea and the US appeared to have broken off talks yesterday without reaching agreement on how to implement a crucial nuclear accord, Pyongyang's senior negotiator said. Mr Kim Jong-u said they had been unable to reach an agreement. Asked if the talks had broken off, he said: "The session is broken off." It was not immediately apparent if negotiators would meet again. The talks had tried to resolve an impasse over who would provide North Korea with modern nuclear reactors that produce less plutonium, a key ingredient in nuclear bombs.

The issue was at the heart of an accord reached last October in which Pyongyang agreed to freeze its nuclear programme. South Korea, backed by the US, had insisted Seoul play the leading role in building the new reactors, but Pyongyang refused to let its arch-rival restructure its nuclear industry. Pyongyang has threatened to restart its nuclear programme if no agreement was reached by today. *Reuter, Berlin*

Colombo security tightened

Security was tightened in Colombo yesterday and government troops on maximum alert in the island's embattled north-east killed one Tamil rebel in the first exchange of fire since the truce collapsed, officials said. Security forces stepped up checks on vehicles entering and leaving the capital amid fears the separatist Liberation Tigers of Tamil Eelam (LTTE) may revert to their bombing campaign in the city.

The LTTE blew up two naval gunboats in the north-eastern port of Trincomalee, killing 12 sailors and losing four of their own men, shortly after announcing it was ending a three-month-old truce and withdrawing from peace talks. President Chandrika Kumaratunga appealed for calm. The state-owned Daily News urged vigilance. Security forces were given shoot-to-kill orders. Mrs Kumaratunga cancelled all concessions made in the four rounds of peace talks. *AFP, Colombo*

Japan hints at sect crackdown

Japanese authorities hinted yesterday at a crackdown on fringe religious groups and introduction of wiretapping. Police have failed to turn up more clues to Wednesday's gas attack on the Yokohama railway system, as calls grew for steps to end the terror the Japanese have lived with for a month. Police frustration led to retraction of an assessment that world war I phosgene gas was used in the attack in Yokohama, where more than 500 people needed hospital treatment. Examination of victims showed phosgene, or mustard gas, was not involved, leaving police with witness descriptions describing the fumes as either ammonia or hydrochloric acid or chlorine.

Justice Minister Isao Maeda said laws may be brought in to deal with terrorism in Japan. "We will start considering telephone tapping and decoy operations, not allowed under current laws," Mr Maeda told a parliamentary panel. Education Minister Kaoru Yosano said he might order Aum Shinri Kyo (Supreme Truth Sect) to disband if it was behind the Tokyo and Yokohama attacks. *Reuter, Tokyo*

Reuter

One of six Moslems suspected of links with radicals responsible for bombing the World Trade Centre in New York, leaves a Manila court under heavy guard. The six, who face explosives charges, were arrested in a Manila apartment

China lagging in inflation war

China will be hard-pressed to meet its inflation target this year because of rising food prices, local governments raising charges and a foreign exchange glut, official media said yesterday. "It will remain a tough task to fulfil the goal of keeping the whole-year consumer price index below 15 per cent," the China Securities daily said. Beijing has targeted inflation at 15 per cent this year, against 24.1 per cent last year.

Key price indexes are slowing but are still high, the paper noted. Official figures show the March consumer price index rose 21.3 per cent against a year earlier, but down 6.4 percentage points against October's record 27.7 per cent. Inflation was slowing in cities but rising in rural areas. Shanghai's Business News daily said another key factor fuelling inflation was heavy selling of US dollars by Chinese and foreign-funded enterprises needing domestic currency. Foreign exchange reserves by the end of March hit a record \$58bn (£36.2bn), up \$6.4bn from the end of 1994, leading financial experts to believe the surplus will continue to pose a threat to curbing inflation. *Reuter, Shanghai*

UK business boost in Vietnam

British businesses in Vietnam have become the first foreign investors to be allowed to set up a chamber of commerce there. About 60 companies had signed up for membership of the group, sanctioned by Hanoi earlier this week, Mr John Brinsden, Resident Director (Indochina) for Standard Chartered Bank, said.

The organisation, to be known as the Vietnam British Business Group, will be based in Ho Chi Minh City, where the bulk of the country's foreign investment is focused. It will operate under the official Vietnam Chamber of Commerce and Industry as Vietnamese law does not yet contain provisions for fully independent foreign chambers of commerce. Mr Brinsden said the group would offer advisory services to visiting and resident British businesses. Members included British Petroleum, Castrol, the textile maker Coats Tootal, Inchcape, and Freshfields the lawyers. *Foreign Staff*

Ramos orders 'neutral autopsy'

Philippines President Fidel Ramos yesterday ordered arrangements with Singapore for a "neutral autopsy" on a murdered Philippine maid, so it could finally be determined if a woman could have killed her. Singaporean and Philippine experts failed to agree after jointly examining the exhumed remains of Delia Maga on Wednesday, in an effort to resolve a row that has split the two countries.

Mr Ramos hoped the post-mortem on Ms Maga's remains, the fourth since she was killed in 1991, would "lead to the truth". Relations soured last month after Singapore hanged another Philippines maid, Flor Contemplacion, who had confessed to killing Ms Maga and a Singaporean boy in Ms Maga's care. Many Filipinos believe Contemplacion was framed; a Manila inquiry suggested Ms Maga was killed by a man. *Reuter, Manila*

Cambodia commerce law

Cambodian lawmakers yesterday approved key parts of the country's first law on commerce, aiming to strengthen the rules for foreign and local investors. Some 18 articles in the 60-article bill have been passed, covering who could be granted trader status and registering a company. Once the bill is passed, specific legislation will follow. *Reuter, Phnom Penh*

Stay-at-home investors drive the yen's rise

The foreign assets of Japan's giant financial institutions have been falling fast, writes **Gerard Baker**

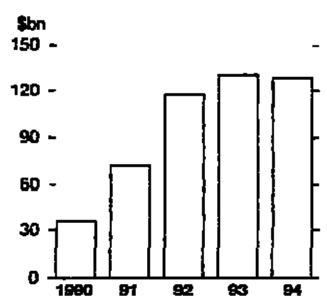
Japan remains reluctant to invest abroad

Overseas securities investments

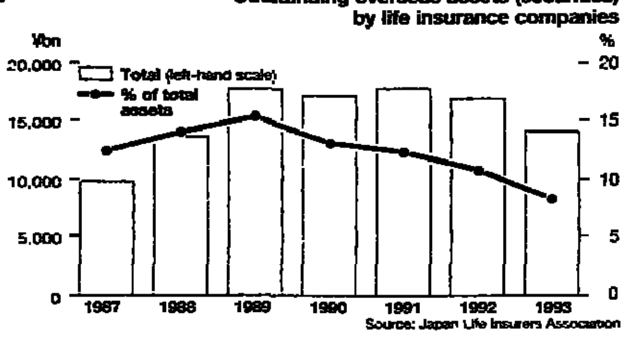
	Purchases ($bn)	Sales ($bn)	Balance ($bn)
1990	1,449.6	1,413.8	35.8
1991	1,281.7	1,209.9	71.8
1992	1,061.0	1,028.5	32.5
1993	1,315.4	1,271.8	43.6
1994	1,053.5	978.5	75.0

Source: Bank of Japan

Japan's current account balance



Outstanding overseas assets (securities) by life insurance companies



Source: Japan Life Insurers Association

Seeking an explanation for the yen's accelerated rise against the dollar in recent months, Japanese officials and politicians like to point to the cupidity of currency dealers.

The yen has been pushed towards unsustainable heights, they say, on a wave of self-serving speculation in the foreign exchange markets. But that neat explanation ignores the role of the big Japanese investors, far more powerful than mere speculators, who have been the real driving force behind the yen's vertiginous progress.

The country's leading investing institutions command vast funds derived from Japan's famously large savings surplus and it is their reluctance to invest those funds in foreign currency assets that has been primarily responsible for the yen's rise. That reluctance has been sharpened in the last few months by a heightened sense of caution, and as those institutions complete their asset allocations for the current financial year, there is little sign of them preparing to change tack.

Of those powerful investors none is bigger than the life insurance sector. It has at its disposal total assets of about Y150,000bn (£1,145bn), equivalent to nearly a third of Japan's gross domestic product. Only a small proportion of that is re-invested each year, but the companies' decisions on where they invest it move markets.

The life insurers were the principal force behind the explosion of Japan's overseas assets in the 1980s. They led the recycling of Japan's enormous current account surpluses with the rest of the world – the conversion of the excess supply of Japanese yen that surplus produced into foreign currency-denominated assets. They alone accounted for nearly 60 per cent of Japan's capital outflows in the 1980s, much of which was poured into US Treasury bonds and US equities.

But as the yen rose sharply towards the end of the 1960s the insurers began to retrench, and for the last five years they have been in full retreat. Having doubled in the two years before 1989, their foreign assets fell by nearly 20 per cent in the next four. Over that time the proportion of their total assets held in foreign currency dropped from 15.3 per cent to 8.3 per cent and is still falling.

Hopes that the recent extra upward twist in the yen's value might now encourage them to return to foreign currency markets are likely to be dashed. Nippon Life, the largest company, has already completed its asset allocations for the current financial year. According to a company spokesman, it aims to reduce its unhedged holdings of foreign securities and loans to just over 4 per cent of its total assets, from 7.6 per cent last year. The spokesman said yesterday: "We cannot buy into foreign currency assets in the aggressive way we did in the past – the market is too volatile."

According to the Japan Institute of Life Insurance, the other insurers are sure to follow suit. "The share of foreign securities will fall again this year," said the institute's spokesman, Mr Nobuharu Ushijima. "Japanese companies are very cautious and mindful of what has happened to their investments in the past."

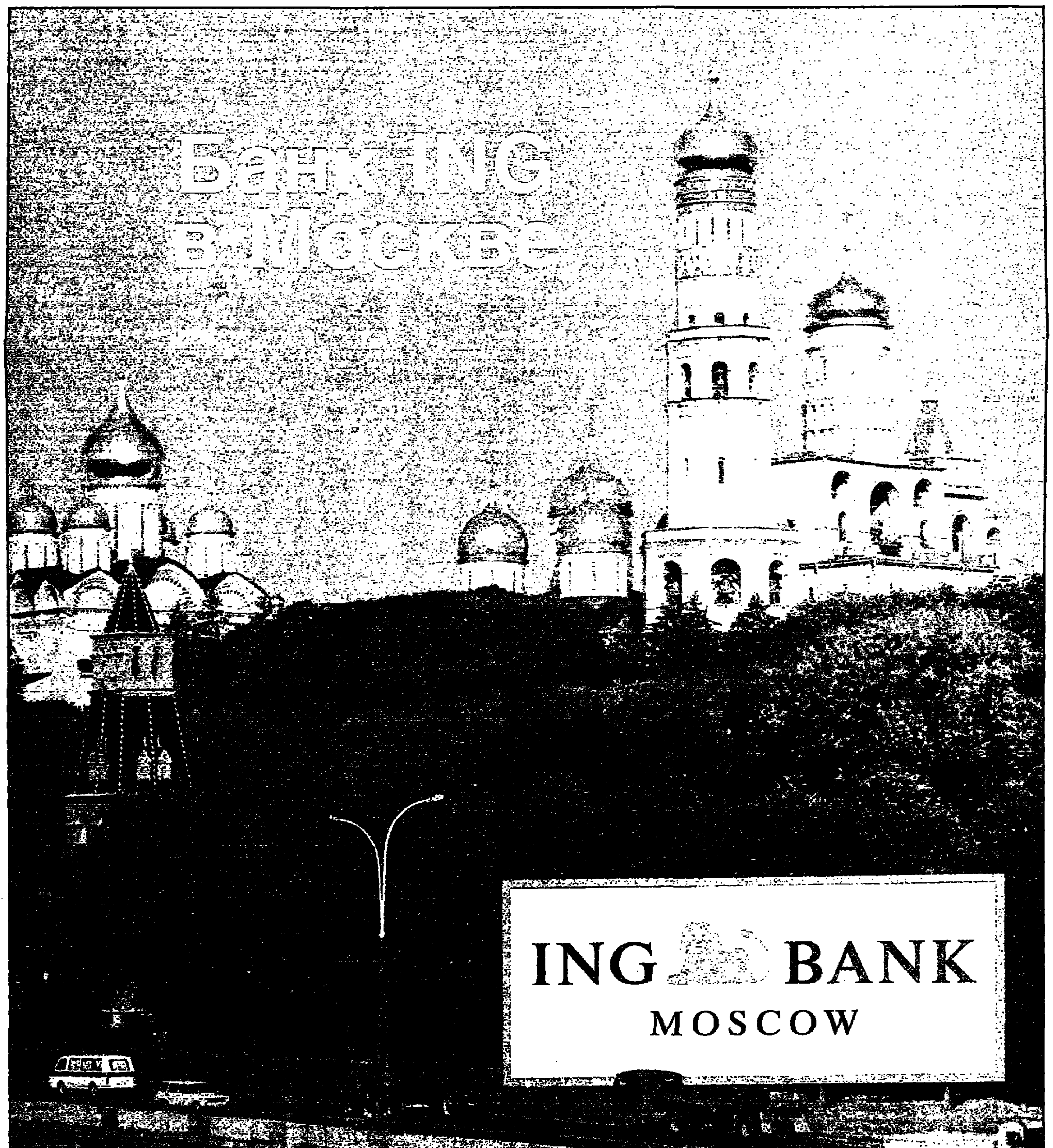
But life insurers are not alone. Most categories of financial institution are retreating from foreign markets and for another good reason. The collapse of the Japanese stock market in the last few years, compounded by falling property prices, has also wiped out a large proportion of the domestic assets of many institutions. Chastened by those losses, they are turning away from the riskier overseas securities, and looking instead for the safe havens of Japanese bonds and cash.

In spite of this caution, the country still managed to record a sharp increase in overseas assets last year. There was a net purchase by Japanese companies of \$75bn of foreign stocks and bonds in 1994, the largest figures since the 1980s, fuelling hopes that investors might be returning overseas.

But the apparent movement was largely illusory. At least \$64bn of that figure came from purchases by Japanese investors of Euro-yen bonds, which count as overseas assets in the balance of payments figures, but which carry no currency risk for the Japanese investors themselves.

And that trend seems likely to continue. Japanese investors will buy more yen bonds as a means of recycling the country's continuing current account surplus, a route which offers low but currency-risk-free rewards. Meanwhile they continue to shun dollars

Without a shift in the investment strategy of these giant institutions, most observers in Tokyo see no early reversal of the yen's gains. In fact some think the opposite is true. "Many institutional investors have no plans to re-enter the market until the yen hits the 50 level," says a very senior figure at one of the country's largest banks, with only half a smile.



Developing nations face sharp drop in cash from investors

By Robert Chote in Washington

The flow of private sector capital into Latin America is expected to dry up this year, following the blow dealt to investors' confidence by Mexico's economic crisis, according to an influential international organisation of banks and financial institutions.

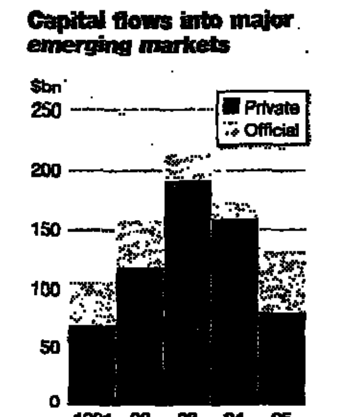
The Institute of International Finance predicted yesterday that net private sector capital inflows to Latin America would total just \$1.3bn (£810m) this year, compared with more than \$60bn in 1994 and more than \$75bn in 1993. Investors are also expected to be nervous of committing funds to Asia and the Pacific, with inflows to those regions forecast to fall by a quarter this year to just over \$60bn.

Total capital inflows to developing countries are expected to drop to a four-year low of \$133bn this year, down from \$174bn in 1994, the IIF concludes. Flows from private sector sources are expected to halve. Inflows from governments and international institutions are likely to take up only a little of the slack, despite more than trebling to more than \$50bn.

Mr Charles Dallara, managing director of the institute, said the prospect of sharply lower capital inflows pointed to the need for an "early warning system" to spot Mexican-style problems in future. He said new strategies were needed to avoid crises and to strengthen capital flows to emerging markets.

In a letter to finance ministers attending next week's meetings of the IMF and the World Bank, Mr Dallara urged greater transparency and dialogue between private financial institutions and official bodies such as the IMF. He said the IMF should regularly monitor developments in emerging economies even when they did not need IMF assistance.

Capital flows into major emerging markets



Developing countries should also provide better data on subjects such as overseas liabilities, monetary flows and budget deficits, the IIF argued.

Private institutions should make adequate disclosure a condition for underwriting financial transactions. The IIF also added that the IMF should elaborate adjustment programmes for the industrialised countries and that these countries should make more use of policy targets.

Mr Dallara said it was important that developing countries did not interpret big capital inflows as "a permanent vote of confidence when they in fact may be just a temporary burst of enthusiasm".

The IIF also predicted that the composition of inflows to developing countries would change this year. Equity investment is expected to become proportionately more important – although its cash value will still decline – because of the rising cost of fixed interest finance and more limited access to bond markets. The immediate aftermath of the Mexican debacle meant that share issues all but dried up in the first quarter of the year.

Investors pulling out of bonds could result in a \$21bn outflow of funds from Latin America this year, the IIF said. As a result, non-bank creditors to the developing countries as a whole could receive net repayments in 1995, after pumping in nearly \$50bn more than they took out last year.

Economic growth in Latin America is forecast to fall by more than half this year to less than 2 per cent, as attempts to correct balance of payments deficit in Mexico and Argentina contribute to pushing those countries into recession. The current account deficit for Latin America as a whole should almost halve to \$23bn, as investor nervousness makes it increasingly difficult for countries to finance big shortfalls between their imports and exports.

Economic growth in the Asia Pacific region is forecast to be roughly stable at 8.5 per cent this year, while output in central and eastern Europe should fall by 0.3 per cent, much improved on the 3.4 per cent decline seen in 1994. Within this aggregate figure, a 5 per cent fall in output in Russia is expected to be offset by growth in eastern European countries outside the former Soviet Union.

Kazakh skin cream rises to the top

A local cosmetics company is proving a challenge to western brands, writes Steve Levine

In Alma Ata a local line of shampoo and cosmetics has risen from its modest beginnings to challenge the dominance of western brands. Without any of the sophisticated packaging and marketing techniques on which western brands so heavily depend, Urker Cosmetics' products attracted \$2m sales last year – 10 per cent of Kazakhstan's shampoo market and about 6 per cent of skin care sales.

When Mr Mohammed Bashir, a 41-year-old Kazakh lawyer and Urker's proprietor, embarked on his enterprise four years ago, he went into a local chemist shop and asked the chemist whether she would mix up a few batches of cosmetics sold by local street hawkers if he brought her some ingredients.

She jotted down a list and began taking five buckets of face cream – lemon, ginseng, camomile, honey and herbal – to Mr Bashir's apartment every day.

Mr Bashir, his wife and sister spent hours pouring the liquid into 25,000 32g plastic bottles. His brother-in-law, Mr Bazarbek Abishev, rounded up a sales staff of 12 teenage girls. He gave each girl a table and a chair, and deposited them in busy markets and on street corners.

"In 10 days we sold out everything, and we bought more of the ingredients," said Mr Abishev.

Assembly line women still screw the tops on Urker shampoos and affix labels to them by hand.

Much of this primitiveness will soon end. Urker is about to shift from a small rented plant to a new \$3.5m cosmetics factory in suburban Alma Ata. As well as increasing production, Mr Bashir has applied for a \$3.5m loan from the European Bank for Reconstruction and Development to finance packaging equipment to enable Urker to compete even more effectively with western brands.

Mr Nursultan Nazarbayev, Kazakhstan's president, would surely welcome the entrepreneurial efforts of such companies to help turn round the country's economy, hard hit since the collapse of the Soviet Union. Mr Nazarbayev has been struggling to encourage the development of Kazakhstan's market economy. He has called a referendum on April 29 to extend his presidential mandate until the end of the century and strengthen his hand to effect change.

Mr Bashir has other believers. They include Mr Zvi Eires, a vice president with Chanel who has taken leave of absence to be an adviser to Urker under a US government-financed consultant programme. Mr Eires reckons Kazakhstan's hair and skin care markets are worth \$70m-\$130m a year in sales, and there is room for expansion into a \$50m-\$100m annual detergent and soap market.


Nazarbayev: encouraging

"This is the first true packaged consumer products marketing in this part of the world," Mr Eires said of Urker, "... and there is every chance it could grow quite quickly."

Until now, Kazakhstan's main attraction to foreign investors has been its immense deposits of oil and natural gas. Almost no money has been made yet in these sectors, however, because Kazakhstan and Russia are wrangling over terms for using Russian pipelines. Other foreign traders have made a brisk trade in importing western-brand cigarettes, wine, beer and vodka.

Mr Bashir's enterprise signals that a locally financed manufacturing sector is already evolving in the ex-Soviet nation of 20m people, a traditionally nomadic land the size of western Europe. Other family businesses are thriving in ready-made garments, including one called Mother and Son.

Western, Chinese and other Asian brands dominate Central Asia's market. Mr Bashir's sales have come by focusing on creams and shampoos in which fairly uncomplicated technology produces quality products, and selling them at half the price of his imported competition. By this route, Mr Bashir has become the dominant local producer.

The going has not been easy. Local officials are not often sympathetic and crime syndicates have tried to pressurise Mr Bashir for a share of the business.

"Maybe if I had it to do over again," Mr Bashir says, "I would think twice."

Even so, Mr Bashir has advice for those who do decide to enter Kazakhstan's wild market: "Don't give up when you face the first difficulties," he says. "We face difficulties every day."

Tajik president in offer to Moslem rebels

Tajikistan's President Emomali Rakhmonov said yesterday he was ready to meet the leader of the Islamic rebels who have attacked Russian-led peacekeepers in the south of the former Soviet republic, AFP reports from Moscow.

Mr Rakhmonov was prepared to meet Mr Said Abdullah Nuri, president of the Movement of Islamic Rebirth in Tajikistan "anywhere, any time," Tajikistan's information ministry said.

Mr Nuri is based at Taloqan in northern Afghanistan, having fled across the border after the neo-communist Mr Rakhmonov ousted their Islamic-democratic government in December 1992 with Russian assistance.

Russian aircraft last week bombed Taloqan, 60km south of the Tajik border during a week of violent border clashes that killed at least 200 rebels and 41 troops from the Commonwealth of Independent States.

Tajikistan also announced a unilateral and unlimited extension of a frequently-violated ceasefire agreement between the rebels and the government which expires on April 26.

The ragged ceasefire, signed in Tehran last September, was high on the agenda of talks between rebel and government delegations, which were due to resume in Moscow yesterday after rebels walked out of talks on Wednesday. Mr Khadzhiakbar Turadzhonzadeh, a rebel leader, said his delegation had agreed to resume talkswith the Russian and Tajik governments and would be adding a series of points to the agenda.

Chief among these are the demands that Tajik forces pull back from the autonomous eastern region of Gorno-Badakhshan in accordance with the Tehran pact; that border guards quit the Kalaikhumb-Khorog road in the region; and that opposition forces are allowed into the area.

The rebel delegation walked out on Wednesday after Mr Andrei Kozyrev, the Russian foreign minister, said that Russia would not tolerate the death of its servicemen at the border and would use all necessary means to keep control.

Nigerian \$4.3bn gas project hit by US ban

Partners in a proposed liquefied natural gas plant in Nigeria are trying to self-finance the multi-billion dollar project after difficulties in raising international credit, Reuter reports from Lagos.

"What they are thinking of doing is to see if they can shareholder-finance the project. This is the option we have been working on," a senior official of Nigeria LNG said.

Construction of the LNG plant in south-eastern Nigeria is expected to begin in the next three months with the gas due to be delivered to foreign buyers in from 1999.

The proposed \$4.3bn plant will produce 7.2bn cubic metres of LNG a year.

Nigeria LNG had sought to raise \$2bn from western credit agencies but recently dropped the plan after a major prospective lender was unable to provide credit to Nigeria because of a US government ban.

"The shareholders came to the conclusion that seeking export credit financing may delay the project, because American Exim bank cannot participate because of the US decertification of Nigeria," the Nigeria LNG official said.

In April last year, Nigeria became the only African country to have been "decertified" by the US, a measure which blocks economic aid and which Washington takes when it is dissatisfied with a government's anti-narcotics effort.

State-owned Nigerian National Petroleum Corporation holds 49 per cent of the shares in Nigeria LNG. Other partners include Shell Gas – the technical leader – with 24 per cent, Cleag, a unit of France's Elf Aquitaine, with 15 per cent, Agip of Italy 10 per cent and International Finance Corporation 2 per cent.

Nigeria LNG signed a deal with a four-company consortium in December for the building of the plant at Finima, Bonny Island, Rivers State, where most of Nigeria's crude oil is pumped.

The group – TSKJ – comprises Technip of France, Snamprogetti of Italy, M.W. Kellogg, part of Dresser Industries of the US and Japan Gasoline Company.

The Nigeria LNG official said construction of the project has to start this year for the 1999 supply target to be met.

Failure to meet the supply target date could jeopardise long-term contracts that have been signed with buyers in the US, Italy, Spain and France.

INTERNATIONAL NEWS DIGEST

Egypt lambasts nuclear Israel

Egypt yesterday bitterly criticised Israel's failure to sign the nuclear Non-Proliferation Treaty, saying it was a cause for serious "imbalance" in the Middle East. Speaking at the United Nations conference to review the treaty, Mr Amr Moussa, the Egyptian foreign minister, (left) strongly opposed the indefinite extension of the pact sought by most of the nuclear powers. He supported a suggestion by Syria that members consider suspending the conference "for a reasonable time" because of the policy differences that have emerged.

Mr Moussa said the existence of a nuclear programme "on our eastern border" and outside the international safeguards system created an extremely dangerous situation. "Persistent ambiguities" concerning the Israeli programme could lead to a Middle East arms race and convey to the NPT signatories in the region that their accession had not provided the security expected.

"Is it logical, politically correct or even responsible for the states of the region to agree to support the indefinite extension of the treaty when a state within this region is benefiting from an agreement allowing it to maintain a nuclear programme that would threaten their security and stability?" Mr Moussa asked.

He insisted that despite its imperfections Egypt still supported the treaty, and that his remarks were not intended to seek confrontation with Israel. *Michael Littlejohns, New York*

Mugabe picks businessman

President Robert Mugabe yesterday named new ministers of finance, and of trade and industry, ending many months of uncertainty in Zimbabwe about two important economic portfolios which have been held by interim appointees. Announcing his new cabinet in the wake of the ruling Zanu party's overwhelming election victory this month, Mr Mugabe appointed a prominent businessman, Mr Ariston Chambati, as finance minister. He replaces Dr Bernard Chidzero, who had been ill and unable to run the ministry for more than two years.

Mr Herbert Mrerwa, a former diplomat and minister of tourism, was named as industry and commerce minister. The position had been vacant since the death of the previous minister, Mr Chris Ushewokunze, in a car accident 15 months ago. It was at President Mugabe's personal request that Mr Chambati, 60, formerly a senior official in the now disbanded Zapu party of Mr Joshua Nkomo, and for more than 10 years the chief executive of one of Zimbabwe largest corporations, stood for parliament.

Both Zimbabwe's business community and the country's donors are likely to welcome the appointment of someone with considerable experience of the private sector. They are also likely to be hoping that economic management, criticised by local economists for its drift and uncertainty during Dr Chidzero's absence, will now end. *Michael Holman, Africa Editor*

Pilgrims slip sanctions net

Egypt sent an aircraft yesterday to pick up pilgrims from Libya, which was already celebrating its own sanctions-busting move to ferry the Moslem faithful to Mecca holy sites. An EgyptAir airliner left Cairo for Tripoli after the United Nations authorised Egyptian flights to take Libyan Moslems to Saudi Arabia on the annual *haj* pilgrimage. The authorisation was needed because of a UN ban on flights from Libya for refusing to surrender two suspects wanted in the west following the bombing of a Pan Am airliner over Lockerbie, Scotland, in 1988. The authorisation did not cover a Libyan flight on Wednesday to Saudi Arabia's Red Sea port of Jeddah with 150 pilgrims on board. *Reuter, Dubai*

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HK steps up flights dispute with Qantas

By Nikki Tait in Sydney and Simon Holberton in Hong Kong

An aviation row loomed yesterday between Australia and Hong Kong, after the colony's government threatened to restrict traffic carried by Qantas, the Australian carrier, out of Hong Kong from July 1 in a dispute over "fifth freedom" air rights.

In apparent retaliation, Australia said it would only approve services to Australia by Cathay Pacific, the Hong Kong carrier, until June 30.

The dispute comes at a sensitive time for Qantas. The Australian government wants to sell its remaining 75 per cent stake in the carrier for about A$2bn ($1.5bn), and has set end-August as a completion date for the sale.

"Fifth freedom" rights are those which allow an airline to carry passengers between destinations outside its home country.

Cathay has been unhappy about the amount of intra-Asian traffic picked up by Qantas in Hong Kong and flown to Singapore and Bangkok, although the two carriers disagree on the number of passengers involved. Cathay also believes Qantas uses its fifth freedom rights to offer services to European destinations.

The Hong Kong government said it would restrict Qantas' fifth freedom rights to 50 per cent of traffic on its Hong Kong-Singapore and Hong Kong-Bangkok services, if agreement could not be reached within two months. This would in effect end Qantas's lucrative Hong Kong routes as few passengers from Australia fly on to Singapore or Bangkok.

Mr Andrew Pyne, a senior Hong Kong official, said Qantas operated services out of Hong Kong which were incompatible with the aviation agreement between the two countries. Most of the passengers it carried to Singapore and Bangkok originated in Hong Kong and not in Australia, he said.

Qantas, in which British Airways holds a 25 per cent stake, reacted angrily to the Hong Kong announcement, saying any suggestion that the Australian carrier's services through Hong Kong to Bangkok and Singapore represented a threat to Cathay Pacific was "unrealistic".

Mr Laurie Brereton, the federal transport minister who went to Hong Kong last month in an attempt to negotiate a solution, said the bilateral aviation agreement did not allow Hong Kong to impose the 50 per cent quota.

"The Australian government remains utterly convinced Qantas is operating within the letter and spirit of the air services agreement," he said. "While the government is prepared to consider holding further discussions with Hong Kong on this issue it is not helpful to go into talks with such a threat over the airline."

Mr James Strong, Qantas' chief executive, said the carrier's market share of intra-Asian routes was only about 5-6 per cent. He said Qantas operated only 1,600 seats a week compared with Cathay's 9,000-10,000. "The irony of the current dispute is that Cathay is a significant carrier of Australians to key Qantas destinations," he said.

Qantas, which has restructured in recent years, is awaiting a ruling from the Trade Practices Commission, the Australian competition watchdog, on its plans to dovetail its Australia-Europe services with those of BA.

Call for targets grows louder in Japan

The yen's rise is forcing a review of the country's economic options, writes **William Dawkins**

The Japanese government is under unprecedented pressure from political parties and domestic business to set a target to halve the $129.3bn (£80.5bn) current account surplus over the next five years.

Dismayed by the damage to Japan's export earnings inflicted by the yen's rise, the three coalition members, led by the Liberal Democratic party, are urging the government for the first time to commit itself to such a goal, a big policy change.

They hope such a step might curb the yen's 40 per cent rise against the dollar since the start of last year, which has damaged Japanese industry's export competitiveness.

Japan's resistance to economic targets has been an important sticking point in its habitually tense trade negotiations with the US over the past two years.

Tokyo has always feared such targets would be used against it if they are not fulfilled and has argued that they amount to managed trade, contrary to Japan's official commitment to a free market economy.

The Tokyo government, truer to its trade officials' advice than to the LDP's policy switch, is likely to stick to its anti-targets policy.

Yet if the internal pressure for targets builds further, it risks undermining the government's credibility in trade negotiations with the US.

Mr Yuji Tsushima, member of parliament and author of an emergency report on the yen drawn up by the LDP, argues: "We have to make it clear that we are really looking for a reduction in the balance of payments surplus, if necessary in concrete terms."

Japan's business community is divided over the question of surplus-cutting targets, but the renewed currency strain has made supporters more vocal.

> Coalition parties, led by the LDP, want clear commitment to surplus-cutting

The latest is Mr Hiroshi Saito, chairman of Nippon Steel, who believes that such a target should have been included in a government package of deregulation and public spending last week, intended – with little effect so far – to stabilise the currency market.

Mr Saito is far more than the voice of the steel industry, since he is chairman of the Keidanren business federation's board of councillors, its main advisory body.

The LDP's policy switch is thought unlikely to produce a quick change in government policy, because the powerful ministries of finance and international trade and industry are united against the idea. Officially, the Keidanren is in line with them, despite Mr Saito's advice.

When questioned about the currency turmoil by the parliamentary budget committee yesterday, Mr Ryutaro Hashimoto, Miti minister, repeated the official line, that targets are "inadvisable" and hard to achieve in a free market economy.

Yet the pressure for the government to set itself a surplus-cutting goal is greater than the last time such a debate emerged, in the mid-1980s, when a government advisory committee called for steps to reduce the trade gap, without setting a figure.

The LDP drew up its proposal last week, a rejected offering for the government's economic package. Originally Mr Tsushima's team made three suggestions: for a general policy to increase imports over the next five years, to cut the surplus by half over the same period, and to fix an additional but undefined target for the surplus as a percentage of gross domestic product.

In the end, the coalition parties, the LDP, plus the New Harbinger Party and Social Democratic party, managed to agree only on the second point, to call for the surplus to be halved over five years.

Despite the cabinet's decision to turn down the plan, it remains LDP policy. "We will exert what influence we can to make the government act on this," says Mr Tsushima.

> The Keidanren is scarred by memories of the 1991 chip accord with the US

The bureaucracy's ability to persuade the government to disregard its own party's advice is only the latest sign of the weakness of political leadership in Japan, says the director of government relations for a large US company. In today's shifting political alliances, Japan's political parties have a weak grip on policy, he says.

The failure of the LDP's plan may also be a sign that the Keidanren is a long way from being converted. The federation is "very cautious" of the LDP's surplus-cutting target, says Mr Masaya Miyoshi, its director-general. He points out that the Keidanren is still scarred by memories of the 1991 semiconductor accord with the US, which set a target for foreign chips' share of Japanese market.

The US took that accord as a promise, and yet the Japanese side meant it, and still does, only as goal, says Mr Miyoshi. Understandably, the Keidanren is reluctant to repeat that experience. Its executive board, which sets Keidanren policy, has yet to discuss the LDP's plan.

Not that the Keidanren is closed to the idea.

It might, speculates Mr Miyoshi, be possible for the Japanese government to set a goal for the surplus, if it felt convinced that it could do so on its own terms, free from foreign influence.

Like all early stages of consensus-making in Japan, this could easily fizzle out.

But even if it does, the LDP's conversion to targets is a revealing example of how the yen's rise is forcing Japan to review its economic options.

Australian cabinet reverses decision on CD imports

By Nikki Tait

In a contentious move, Australia's federal cabinet yesterday decided to reverse a 1992 decision which would have allowed the import of cheaper compact discs into the country, in favour of local production.

In an effort to placate consumers, the government said it would make the main record companies operating in the country subject to price monitoring and introduce amendments to the Copyright Act to ensure that music is available in Australia within a month of its release overseas. Consumer groups claim that the cost of CDs in Australia is around 40 per cent higher than in the US.

The question of how to protect the local music industry without angering consumers has bedevilled the federal government for several years. In 1992, cabinet decided to amend copyright law to allow the import of sound recording by overseas, but not Australian, artists. But legislation to implement the decision lapsed before the 1993 election.

Since then, there has been pressure from the local recording industry and Australian artists, who argue that deregulation could erode the domestic music sector, which employs around 60,000 people. Two justifications offered for yesterday's decision were that CD prices have improved since 1992, and if parallel importing was permitted, pirate recordings could also come in.

The decision – opposed by some Labor government ministers – was attacked by opposition politicians. "By protecting the cosy monopoly enjoyed by multinational recording companies at the expense of consumers, Labor has shown that its recent rhetoric about competition and microeconomic reform is hollow in the extreme," said Senator Richard Alston, opposition communications spokesman.

Technological advances help bring order for 'added value' automotive glass

Pilkington wins $700m contract with GM

By Ian Hamilton Fazey in Manchester

Pilkington, the UK-based glassmaker, yesterday announced the largest single order won by the group – a long-term contract worth more than $700m to supply General Motors with automotive glass products in the US.

Technological developments appear to have played a crucial role in the order won by Libbey-Owens-Ford (LOF), Pilkington's US subsidiary, of which Nippon Sheet Glass of Japan holds 20 per cent. NSG also owns 20 per cent of Triplex, the European counterpart to LOF in the Pilkington group.

The contract is for what Pilkington and GM call "added value automotive glass" for the next generation of GM cars and light trucks. The products are windscreens and side and rear windows featuring technological advances developed by Pilkington scientists in the UK, Germany and the US.

They include a range of EZ-Kool solar control glasses – marketed as Sundim in Europe – which prevent car interiors becoming overheated when the vehicle is parked in the sun. This has greater importance than driver comfort – sunlight and heat degrade plastics and fabrics so trim and interior components wear out sooner, become brittle or lose their factory-tight fit, causing rattles.

Mr Rodney Stansfield, chief executive of LOF, said some new models will be launched in 1998. The contract will be spread over six years.

LOF has been a GM supplier for 60 years but also sells to nearly every other US vehicle manufacturer. Triplex sells a similar range of products in Europe, while NSG's shareholding in both Pilkington subsidiaries helps sales in Japan and to Japanese car plants.

Pilkington said yesterday the GM order would help speed penetration of automotive markets worldwide by the new generation of glass products. LOF accounts for about $1bn of Pilkington's £2.5bn-a-year turnover, split almost equally between architectural and automotive markets.

Pay back is likely to be accelerated by the GM contract, which will also use LOF's Galaxsee solar privacy glass. This allows a vehicle's occupants to see out without being seen from outside and was first made for Chrysler from a formula developed in the UK. Pilkington says it took one-third of the US privacy glass market within a year of the product's launch in 1993.

Production engineering development has also been crucial to the contract: windows will be delivered bent to shape with edges finished in polyurethane or PVC and holes drilled where opening and closing controls are needed. Some rear windows will have radio antennas printed on the glass. All will arrive ready to be fitted by robots.

Car manufacturers want glass in increasingly demanding shapes. In the Tigra high performance saloon made by Opel, GM's German subsidiary, the Sundim glass was sent flat to SIV in Italy – which is owned jointly by Pilkington and Techint, a private Italian-Argentine company – which bent it at about 600 degrees centigrade.

WORLD TRADE NEWS DIGEST

World music sales rise 16.5%

Sales of recorded music world-wide grew 16.5 per cent in 1994 to reach a total of $35.5bn, figures from the International Federation of the Phonographic Industry show.

They demonstrate the growing domination of the compact disc and the eclipse of vinyl records: units sales of CDs rose 25 per cent to a total of 1.74bn while sales of vinyl plunged 53.1 per cent to 40m. Sales of cassette tapes grew 2.6 per cent to 1.38bn. The figures, collected from 64 countries, show that five countries – the US, Japan, Germany France and the UK – account for 70 per cent of the global market with sales totalling $24.9bn. Sales in the US totalled $11.8bn or 33 per cent of the world market. The EU accounted for 30 per cent of sales with $10.6bn and Japanese sales reached $5.9bn or 17 per cent of world sales.

Ms Tina Poyse, economic research manager for the IFPI said CDs were now consumers' first choice in developing territories as well as mature markets: "These facts, coupled with the progress being made against CD piracy, in China for example, means that the prospects for legitimate CD sales are extremely encouraging". *Alan Cane, London*

VW to boost output in China

Volkswagen, Europe's biggest car producer, plans to meet China's rising demand for cars by almost doubling capacity at its Shanghai joint venture to 300,000 units by 1998. Output at VW's other joint venture at Changchun, northern China, should rise even faster to 360,000 cars from about 29,000 last year. Production of the medium-sized Santana saloon at Shanghai Volkswagen is expected to climb to 160,000 units this year following the introduction yesterday of the new Santana 2000. The Santana is China's best selling car, accounting for about 115,000 units last year.

The new car, a joint effort between Volkswagen engineers in Germany, Brazil and China, is being produced at a new factory, the final phase of which was opened yesterday. VW accounted for about 59 per cent of the 249,750 domestically produced cars sold in China last year, or about 40 per cent of the total market including imports. The potentially huge Chinese market is being targeted by many big western car producers. However, the Chinese government is not due to approve any further joint ventures until 1996 and is imposing strict rules on local content. *Haig Simonian, Shanghai*

Contracts and ventures

■ NEC, the Japanese computer manufacturer, yesterday said it had won its first European order for its SX-4 supercomputer from the National Research Laboratory of Netherlands, a leading aerospace research centre. *Reuter, Tokyo*

■ Indocement Tunggal Prakarsa, Indonesia's largest cement manufacturer, confirmed yesterday it has signed a deal with Korea Development (Kodeco) of South Korea and Marubeni of Japan to set up a $488m joint venture to manufacture cement in South Kalimantan. *AP-Dow Jones, Jakarta*

■ A consortium of 11 Malaysian companies led by the Pilgrims Management and Fund Board announced yesterday plans to invest in a $1.2bn palm plantation project in the southern Philippines. *AP-Dow Jones, Kuala Lumpur*

■ General Motors, the US car manufacturer, announced it will invest a total of $1.1bn in Argentina as part of an expansion drive in the Mercosur customs union. *AP-Dow Jones, Chicago*

■ CAE, the Canadian electronics group and leading flight simulator manufacturer, will supply a C$17m ($12.36m) training simulator for South Korea's Wolsong-2 nuclear power station. *Robert Giddens, Montreal*

■ Shell Malaysia, a subsidiary of the Anglo-Dutch oil company, and Petronas Dagangan, the domestic marketing arm of Malaysia's state-owned oil company Petronas, yesterday signed a 520m ringgit joint venture agreement to own and operate a multi-product pipeline and distribution terminal. *AP-Dow Jones, Kuala Lumpur*

Big tourism drive to start in Asia soon

By Scheherazade Daneshkhu
Leisure Industries Correspondent

Britain is to open tourist offices in South Korea and Taiwan in an attempt to capitalise on the growth of travel from Asia and to shore up its declining market share of the world tourism market.

World tourism is forecast to grow at 4 per cent a year over the next decade while outbound travel in Asia is growing by an annual 15 per cent.

Britain is the world's sixth most popular tourist destination after the US, France, Spain, Italy and Austria. But Britain's share of international tourism has fallen steadily from 6 per cent in 1987 to 4.7 per cent last year.

Its revenue from international tourism has grown more slowly since 1980 than those of any other west European countries except Greece and Germany. The annual average growth of international tourist earnings in Europe between 1980 and 1992 was 8 per cent, but that of the UK was 5.9 per cent.

The British Tourist Authority, which promotes Britain as a tourist destination abroad, yesterday announced initiatives to reverse the trend, including the appointment of travel trade representatives in Malaysia and Thailand. It identified Asia as a "potentially vast" market with a youth market alone worth £4bn ($6.5bn) in outbound travel. Special emphasis will be laid on promoting London as the gateway to Britain and as the base for visitors to Europe.

An attempt is also being made to capture more short-break business in mainland Europe. A new tourism office is being opened in Milan to capitalise on the prosperous northern Italian market. Mr Anthony Sell, chief executive of the British Tourist Authority, said the opening of the Channel tunnel should make it easier for tourists to visit Britain.

The authority said Russians and affluent people from the Czech Republic, Hungary and Poland will also be targeted through specific operators and publications. The authority will this year publish its first consumer main guide in Russian and Czech. The publication is already available in Polish and Hungarian.

The authority said it expected a record 22m visits to Britain this year, up from 20.6m in 1994. Spending by overseas tourists is expected to be £10.6bn ($17.2bn) from £9.8bn last year.

EU rule is invoked against tax law

A court case being brought by a German chemicals company will test the primacy of the Treaty of Rome, says Jim Kelly

Hoechst, the German-based chemicals group, has issued a challenge to the UK tax authorities this week which could, if successful, have repercussions throughout the European Union.

Its case is a fundamental one. Hoechst says that under the Treaty of Rome it has the right to equal treatment with any other company operating in the UK. Where this right is undercut by the tax laws of an EU member state, in this case the UK, Hoechst believes that the European treaty should take precedence.

It is determined to prove the point. It has issued, but has not yet served, two High Court writs on the UK Inland Revenue with respect to aspects of advance corporation tax.

At the moment the tax is levied on dividends paid by the UK subsidiary of Hoechst to its German parent company. A UK company in the same position, with a UK subsidiary, would not have to pay the tax.

Tax experts believe Hoechst's case will rely on Article 7 of the Treaty of Rome, which says: "Within the scope of application of this treaty . . . any discrimination on grounds of nationality shall be prohibited."

Not only does Hoechst argue that there is a fundamental clash between this European principle and UK law – it also argues that the payment of advance corporation tax infringes anti-discriminatory clauses in the present tax treaty between the UK and Germany.

Hoechst will use these two arguments in separate challenges to the Inland Revenue. In the first, the parent company in German claims that it should never have had to pay advanced corporation tax on dividends. In the second action the company's UK arm is claiming back interest lost on tax paid early through advance corporation tax.

The Revenue, like Hoechst itself, is embarrassed by the publicity over the case and is refusing to discuss its defence in public. It has said only that it feels that levying advance corporation tax on Hoechst's UK arm is wholly in line with EU law and the tax treaty between Britain and Germany.

Tax experts believe the Inland Revenue may look to a recent European Court of Justice case for support. In the Buckmann case – brought by a German national against the Belgian tax authorities – discriminatory tax laws were deemed to be justified because they formed a fundamental part of the local tax system. Ms Joy Svasti-Salee, international tax partner at accountancy firm KPMG, said this could be an important finding even though it involved an individual and not a company. The court ruled that discrimination was justified "to ensure the cohesion of the tax system".

The Revenue may also point to its programme of tax treaty modernisation which has yet to reach the pact established with Germany in 1964 – nine years before the introduction of advanced corporation tax.

> 'It is the kind of issue that has been discussed for years. Hoechst, to its credit, has decided to test it out'

Whatever the arguments, a conclusion to the case is unlikely to come swiftly. If the case went through the UK legal system as far as the House of Lords, a timescale of between five and 10 years is thought possible. If it is transferred to the European Court of Justice an outcome is possible late next year.

Mr John Whiting, head of tax at accountancy firm Price Waterhouse, said: "This is one of an intermittent series of cases in which you get European law being used to challenge a local fiscal regime. It is the kind of issue that has been discussed for years. Hoechst, to its credit, has decided to test it out."

If Hoechst is successful in arguing that the tax treaty is out of date, then all German companies with UK subsidiaries could take similar action, said Mr Whiting. If it is successful in establishing the pre-eminence of the Treaty of Rome over the framework of direct taxation in the UK, the implications are far wider.

"This could have enormous significance, not only between the UK and Germany, but throughout the European Union," said Mr Whiting.

He added that while the pre-eminence of European law in issues of indirect taxation, such as value added tax, had been long established, the Hoechst case was a rare instance of a challenge in the field of direct taxation.

However, he pointed to the judgment given last month by the European Court of Justice in the Schumacker case. The court ruled that the tax laws of EU member states must no longer discriminate against non-nationals who live in one state and commute to work in another.

The court rejected submissions from six member states, including the UK, that discrimination was justified to apply to the tax system. Mr Whiting said: "The Schumacker case is very interesting in the way it has shown that European law can affect the way direct taxation can apply. It is undoubtedly a pointer for Hoechst."

Church is warned of worsening financial crisis

By Andrew Adonis,
Public Policy Editor

The Church of England could be "transformed out of all recognition" and forced into mass closure of churches by its deep-seated financial crisis, the House of Commons social security committee said yesterday. The Church of England is the UK's largest Protestant Church, and the Queen is its head.

The committee said the crisis had been caused by a decline in the income of the Church Commissioners and the rising cost of clergy pensions. The problems are so serious that pensions payments could swallow up most of the income of the commissioners unless England's 1m regular Anglican churchgoers contribute far more to Sunday collections. The commissioners are responsible for the national assets of the church.

The committee fears that support for parishes in poor areas, particularly inner cities, may be undermined. In 1992 the Church's parishioners gave £87m ($141m) in covenants and £212m through collections. The Church Commissioners provided £145m.

The report follows more than two years of controversy about the recent investment strategy of the commissioners, which led to a loss of about £800m in their asset base between 1989 and 1992. Much of the loss was incurred through a succession of speculative property investments.

Investments included £80m on Ashford Great Park, a proposed mini-town development, now worth only a fraction of that figure, and the Metro-Centre shopping complex at Gateshead in north-east England. The development budget for the centre rose from £130m to £272m during construction, forcing the commissioners to buy out their partners at a higher cost than originally envisaged. The 94 Church Commissioners include all 41 diocesan bishops as well as the prime minister and other leading state officials. But a group of 30 oversees the business, with day-to-day executive responsibility residing in the First Church Estates Commissioner – who between 1983 and 1993 was Sir Douglas Lovelock, a former chairman of Customs and Excise.

Although especially critical of the commissioners' senior staff at the time, the report raises questions about the effectiveness of the commission's new management and of Dr George Carey, archbishop of Canterbury, in his response to the crisis. According to his evidence to the committee, Dr Carey learned of the losses only when he read an article in the Financial Times.

The MPs' report calls for a dedicated pension fund to be established to meet clergy pension payments, separate from the Commissioners but taking around £800m of its assets.

The Commissioners have proposed a similar scheme, but requiring an asset transfer of more than £1bn.

The Commissioners said yesterday that that they were rebalancing their investment portfolio "in the light of independent strategic advice" – including the sale of the MetroCentre.

Output of cars reaches highest level for 22 years

By John Griffiths in London

Car production in Britain jumped last month to its highest level for 22 years. The March total of 170,530 was 15.5 per cent higher than a year before and raised total car output for the year's first quarter to 421,646 – a 16.3 per cent rise on the same period a year before.

The industry's performance, driven by exports, puts it on course to exceed the total of 1.47m cars built in 1994 – the best year for production in two decades. The figures reinforce forecasts that in the next four years the UK industry's total annual output will exceed 2m for the first time.

Official figures showed that production for export last month at 87,545 was 52 per cent higher than in March 1994. Production for the domestic market fell 7.8 per cent last month to 82,985 compared with the previous March.

Commercial vehicle production for the domestic market, which provides a better indication of business activity in the economy, rose 22.6 per cent to 16,337 last month compared with March 1994. This lifted domestic market output for the first quarter to 36,851, an 11 per cent rise on the 1994 period's 33,219.

Production for export in the sector actually fell in March, by 8.8 per cent to 10,017 compared with 10,985 in March last year. However, output for export in the first quarter was up 4.2 per cent, at 28,291 from 27,163.

Mr Roger King, public affairs director of the Society of Motor Manufacturers and Traders, said: "The car figures once again reflect the UK's fine export performance in the face of the inertia being experienced on the home market.

They were released 24 hours after Ford announced substantial investments to increase car engine capacity at Dagenham in east London.

Peugeot results, Page 23

UK NEWS DIGEST

Companies drop pact on supply of cruise missiles

GEC and British Aerospace have abandoned a joint bid for an £800m competition to supply cruise missiles to the Ministry of Defence, and each company will submit a separate proposal. BAe is teaming up with Matra of France to offer a version of the Apache cruise missile which Matra has developed.

GEC and BAe announced their joint bid at the Farnborough Air Show last September, even though BAe and Matra had been in negotiations to pool their missile businesses for the previous 18 months. Those negotiations are almost complete, but the French government has threatened to withhold approval for the venture unless the UK government awards the cruise missile contract to the Apache made by the new BAe-Matra team. The UK government is unlikely to abandon its competition which may attract about 10 bids from European and US companies. Mr Noël Forgeard, chief executive of Matra Défense, has been highly critical of European countries which have bought US missiles, saying that the US market is not fully open to European competitors.
Bernard Gray, Defence Correspondent

Passenger numbers at record

The Channel tunnel between England and France attracted record numbers of travellers to its rail services over the Easter weekend and ended the steady increases in recent years of passenger numbers travelling by ferry. Eurotunnel, which runs car-carrying trains through the tunnel to Calais, carried 69,000 passengers over the six days of Easter – from Thursday to Tuesday. The Eurostar high-speed trains which run between London, Paris and Brussels also carried a record number of passengers – 56,000 – over the six-day period. *Charles Batchelor, Transport Correspondent*

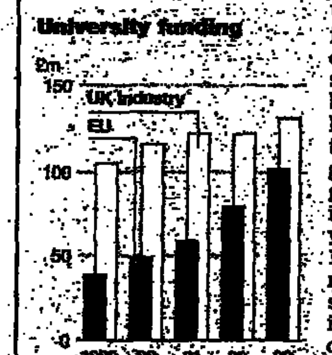
Two MPs are suspended

Two MPs in the governing Conservative party were suspended from the House of Commons for short periods without pay for agreeing to accept cash in return for putting questions to ministers in the House. MPs agreed to suspend David Tredinnick (Bosworth) for 20 days and Graham Riddick (Colne Valley) for 10. Mr Riddick apologised to the House as soon as the incident came to light. Both men have already quit as unpaid aides to ministers. The suspensions came after a report in The Sunday Times that the two had each agreed to accept £1,000 for tabling questions to ministers. The money was offered by Sunday Times reporters posing as businessmen. The suspension was one of the harshest penalties imposed by the Commons for almost half a century. Government and opposition MPs criticised the newspaper for "entrapping" the two MPs.
James Blitz, Westminster

Snub to Schengen is cheered

Conservative MPs cheered Mr Michael Howard, home secretary, when he rejected a plea in the House of Commons for the government to sign the Schengen agreement, which has ended border controls between many European Union states. The plea came from Mr Hugh Dykes, a strongly pro-EU Conservative, who said amid shouts from his own party that Schengen was "an excellent objective". But Mr Howard retorted that Schengen would "involve the dismantling of our external frontiers." *Hugh Clayton*

Universities widen cash search



Universities in Britain are increasingly looking to other countries and to the private sector in their search to find backers for research funding. Figures published today show that their income for research grants and contracts from EU government organisations increased by 26.6 per cent last year to £101.9m ($166m). In the 1989-90 academic year they raised only £38.6m from those sources. Income from UK industry also rose, by 7.26 per cent, to £131.3m. Five years ago it stood at £105.2m. Excluding London, which is federal, Cambridge was the most successful university at raising funds. Total recurrent income for British universities rose by 9 per cent to £5.67bn, although this did not keep pace with the continuing swift expansion in numbers of undergraduate students. *John Authers*

Police hurt in port protest

Four police officers including a woman were taken to hospital for treatment for eye injuries when protests against exports of live farm animals became violent at the port of Brightlingsea in eastern England. Officers and vehicles came under a hail of objects including bottles, beer cans, coins, stones and eggs apparently injected with paint or a purple chemical. Two coachloads of demonstrators swelled the crowd to more than 500 as seven trucks, four carrying calves and three sheep, pushed through the packed streets.

But few protesters tried to halt the resumption of animal shipments from the much larger port of Dover. "I think the police threat to invoke the Public Order Act frightened a lot of people off," said Ms Clare Baumberg of the campaigning group Compassion in World Farming. *Stewart Dalby, Dover*

Strike darkens future of a giant

Workers are protesting at the inevitable, says Michael Skapinker

Hundreds of Rolls Royce workers were on strike in East Kilbride in Scotland yesterday, with another one-day strike due next week. Industrial action has been called off at the company's plant at Derby in central England, but a ballot on pay is due there on Monday.

Rolls-Royce is one of the UK's leading high-technology companies and one of the world's top three aircraft engine makers. But this week it has given Britain a taste of the fractious industrial relations which the country used to suffer.

Staff at East Kilbride are protesting against the closure of Rolls-Royce's aero-engine design operation there, with the loss of 600 jobs. Engine overhaul and repair workers at the group's facilities in Derby have suspended industrial action over pay and proposed changes in working practices, pending a ballot on a new offer next week.

At first sight, the upsurge in industrial strife at Rolls-Royce appears odd because it comes at the end rather than at the beginning of a large reduction in jobs.

Few in Rolls-Royce can also fail to be aware that the group has to compete in a market in which few jobs are safe. Many in the aerospace industry wonder whether Rolls-Royce can survive as an independent company. Its two larger competitors, General Electric and Pratt & Whitney, are both part of diversified US industrial groups which are better able to withstand the vagaries of the aerospace business.

Sir Ralph Robins, Rolls-Royce chairman, scoffs at suggestions that the group might be forced into a merger with one of its competitors. It has cut costs and staffing sharply in an effort to remain competitive. Sir Ralph said last month there would be no further site closures, though the group would continue to reduce costs. Rolls-Royce does not consider the East Kilbride job losses as a plant closure – after the 600 engine design jobs have gone, there will still be 1,000 staff employed in East Kilbride in areas such as engine overhaul.

That is no comfort to the workers at East Kilbride whose jobs are to go or to those in Scotland angry at the loss of a high-technology facility. Rolls-Royce says it has offered 120 of those losing jobs work in Derby or Bristol. A further 30 have been offered posts in Dahlewitz, Germany, where Rolls-Royce has a joint venture with BMW.

Mr Roger Lyons, general secretary, of the white collar MSF union, which represents most East Kilbride staff, says few have received firm offers of redeployment and many do not want to leave Scotland.

The difficulty for Rolls-Royce is that there is likely to be little new engine design work in the next few years. The group has just completed development of the Trent 800 engine for the new-generation Boeing 777. It has won orders from Thai Airways International, Emirates, Cathay Pacific and Transbrasil.

The group still has ambitions to take a bigger share of the aircraft engine market. It says it has won about 25 per cent of new engine orders worldwide over the past few years, compared with only 8 per cent a decade ago. Its aim is to reach a third or more, although it has set no target date.

Its rivals are sceptical. Rolls-Royce believes that it can prove them wrong only by lowering its costs and not employing more staff than it needs.

The Queen's Awards

FOR EXPORT, TECHNOLOGY and THE ENVIRONMENT 1995

An accolade well worth winning

Stronger than expected recovery in Continental markets and a competitive currency have helped to lift the number of awards to exporters to a record 140, says Andrew Baxter

The "feelgood" factor may remain an elusive quality on Britain's high streets, but 163 UK companies have every reason to feel good – or at least to give themselves a pat on the back – today.

They are the winners of the 1995 Queen's Awards for export, technological and environmental achievement. The latest awards take to 3,669 the number granted since the scheme was inaugurated in 1966 – out of 39,404 applicants.

The number of awards and applications in each category has ebbed and flowed over the years in a way that invites – but ultimately defies – snap conclusions, as the list is not intended to be an economic indicator. It has, however, become an enduring way of recognising the importance for the UK economy of exports and innovation, and giving credit where it is due.

For companies of all sizes, an award remains an accolade well worth applying for. Of this year's winners, 64 per cent had never previously won an award. And like Oliver Twist, companies are never reluctant to ask for more: 25 per cent of this year's awards have gone to companies which were existing award holders.

This year's total of winners is two short of 1994, when 165 companies received an award, and 12 short of the record 175 in 1990. The awards for export achievement have risen by one to a record 140, while those for technology achievement have slipped by one to 17. The environmental awards began only in 1993, and after an understandably busy first year that yielded 12 winners, application levels have now settled down: six companies won awards in 1995, down from eight in 1994.

The latest export awards underline the much improved environment for UK companies seeking to sell their products and services overseas. A year ago, the North American market had recovered from recession, and long-term growth prospects in the Asia Pacific region looked tempting. But much of western Europe, which accounts for almost two-thirds of UK visible exports or an average £200m of British goods every day, was still in the doldrums.

Over the past year, continental European markets have recovered from recession more quickly than many analysts had expected, a factor which is reflected in the UK's improved trade figures.

In 1994, the UK's current account deficit fell to its lowest level for nine years – just £371m, according to a revised figure issued this month, compared with a deficit of £11.8bn in 1993. As recently as November, the Treasury had been forecasting a deficit for 1994 of £4bn.

The main factor in the improvement was a significant increase in the surplus on "invisible" items such as financial flows, investment income and government transfers. The invisible surplus was a record £10.4bn, compared with just £1.59bn in 1993. But there was also a big reduction in the visible trade deficit, from £13.4bn to £10.7bn.

British exporters are benefiting not only from an improvement in continental European market conditions. Exchange rate movements – the depreciation of sterling and the strength of the D-Mark and yen – have also transformed the price competitiveness of UK manufactured products relative to those from other big industrial countries.

Last autumn, the Engineering Employers Federation calculated that UK manufactured goods prices were about 3 per cent more competitive than they were on average during the four years from 1990 to 1993, and 9 per cent more competitive than in the second quarter of 1992, the last full quarter before the UK left the European exchange rate mechanism.

The position relative to individual competitor countries varied considerably, said the EEF. Compared with the second quarter of 1992, UK prices appeared to be 25 per cent lower relative to those in Japan, 11 per cent lower than German prices, and 7 per cent lower relative to US prices. In contrast, UK prices were about 13 per cent higher relative to Italian prices.

Since the autumn, the yen and the D-Mark have further strengthened, but the most recent trade figures suggest the UK will find it hard to match 1994's current account performance this year. January's £1.1bn deficit on visible trade was disappointing, and government statisticians say the latest trends in the value of trade show little change for exports and an increase for imports.

This underlines the fact that there is no room for complacency among exporters, and highlights the importance of continued attempts by industry to improve its competitiveness and address weaknesses, if the standard of entries into the awards scheme is to be maintained in years to come.

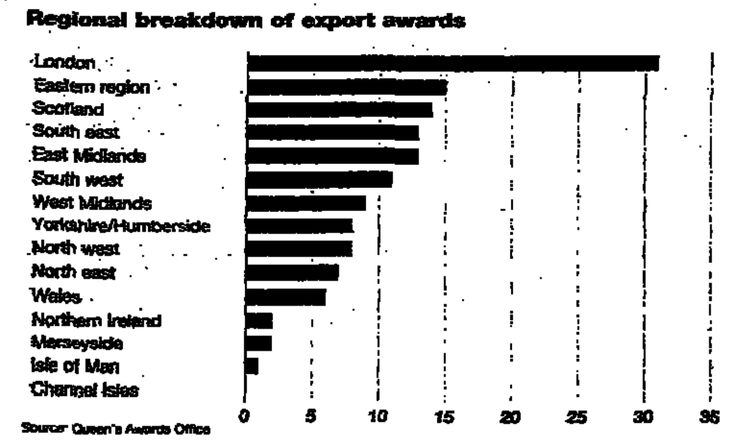
Earlier this month the Technology Foresight Programme, a collaboration between government, industry and academia, launched a package of reports setting out research priorities for the next two decades. Perhaps future technological achievement awards will emerge from the programme's agenda, which is also relevant to the UK's export performance.

Food and drink makers, for example, were told they must increase their investment in research and development if they are to remain at the forefront of European industry. Manufacturing industry in general was reminded that, in spite of good performance in a few sectors, it had not performed as well as its counterparts in other industrialised countries. Although export volumes had increased, manufacturing had not regained its earlier share of world markets.

Among its recommendations, the Foresight panel on manufacturing said the government must ensure the UK is a competitive base for a thriving manufacturing industry.

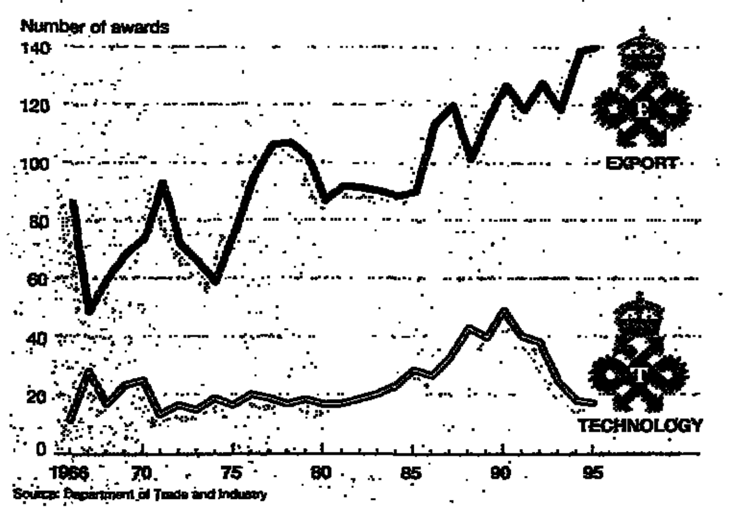
Continued on page 4

Regional breakdown of export awards

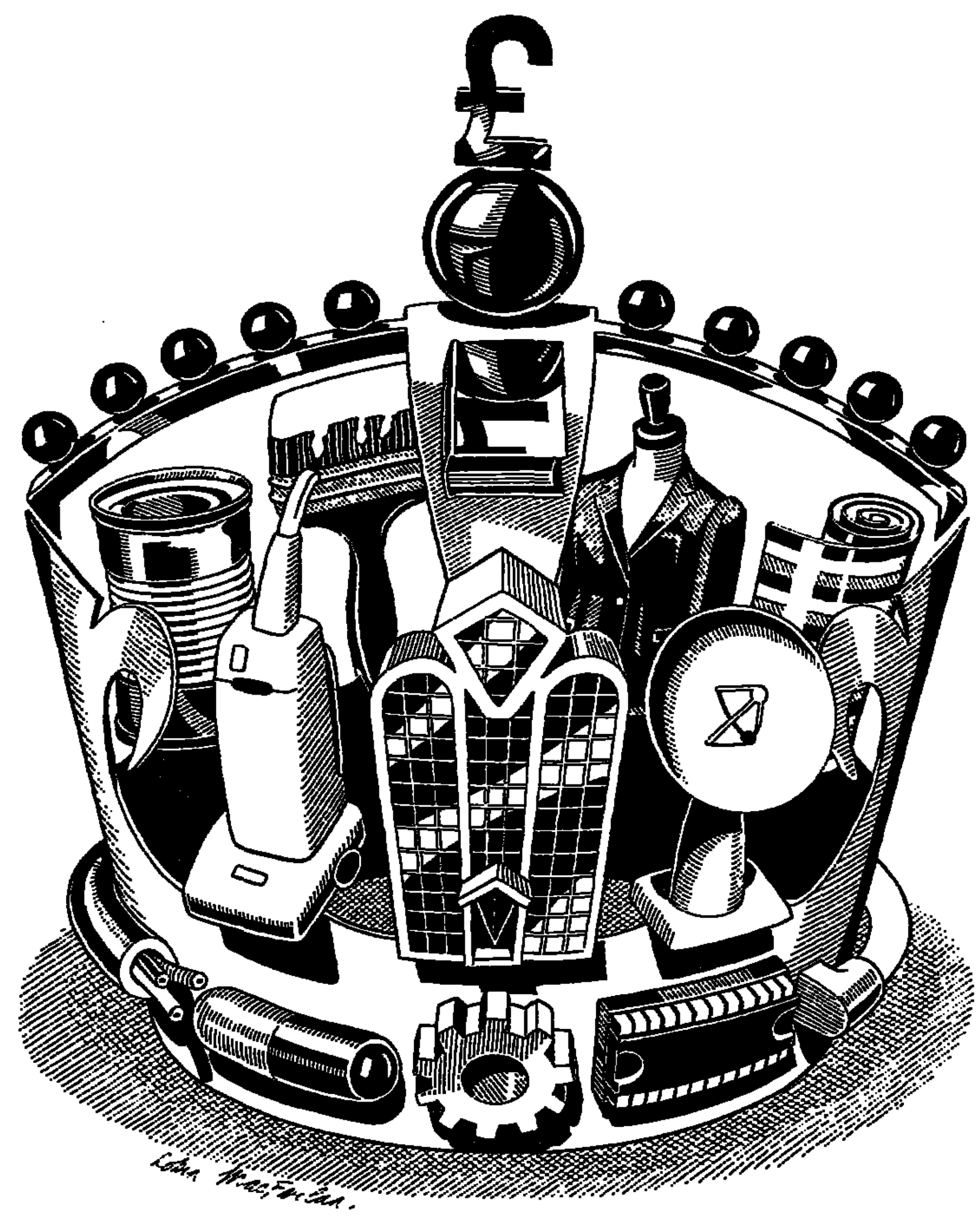


Source: Queen's Awards Office

Export and technology awards



Source: Department of Trade and Industry



The Queen's Awards for Export Achievement

Company	Location	Goods and services exported
A		
Rotherham and Bradford Branch of A.E.S. Engineering	Rotherham, South Yorkshire	Mechanical seals
APV Baker Limited (FES Division) Confectionery, Cereal & Snack Division	Peterborough, Cambridgeshire	Food process plant
AT&T Global Information Solutions (Scotland)	Dundee, Scotland	Teller and other self-service machines
Allen and Heath	Penryn, Cornwall	Professional audio mixing consoles
Ano-Coil	Milton Keynes, Buckinghamshire	Pre-anodised aluminium coil and sheet
Apollo Fire Detectors	Havant, Hampshire	Fire detectors
Armabord	Burnley, Lancashire	Melamine edging material
Ove Arup Partnership	London W1	Consulting engineers
Aviall t/a Aviall Caledonian Enging Services	Prestwick, Ayrshire, Scotland	Repair and overhaul of gas turbine aero engines
B		
Baillie Gifford Overseas	Edinburgh, Scotland	Investment management
Balfour Beatty Construction International	Thornton Heath, Surrey	Engineering construction
J Barbour & Sons	South Shields, Tyne and Wear	Oiled cotton clothing
Biological Crop Protection	Ashford, Kent	Beneficial insects
Microscopy Division of Bio-Rad Microscience	Hemel Hempstead, Hertfordshire	Confocal laser scanning microscopes and accessories
Boss Industrial Mouldings	Mildenhall, Suffolk	Oven and indicator lights and plastic enclosures
British Aerospace Defence Military Aircraft Division	Preston, Lancashire	Military aircraft and equipment
Brompton Bicycle	London W4	Folding bicycles
C		
Caledonian Paper	Irvine, Ayrshire, Scotland	Lightweight coated paper
Carron Bathrooms	Falkirk, Stirlingshire, Scotland	Acrylic baths, shower trays and sinks
Carron Phoenix	Falkirk, Stirlingshire, Scotland	Synthetic and stainless steel sink tops
Cash Bases GB	Newhaven, East Sussex	Steel cash drawers
Caterpillar (UK)	Desford, Leicestershire	Construction and material handling machinery
Chase Research	Basingstoke, Hampshire	Computer peripherals
Chilprufe	Leicester, Leicestershire	Underwear and ladies nightwear
The Chivas and Glenlivet Group	Paisley, Renfrewshire, Scotland	Scotch whiskey, gin and rum
Jane Churchill	London W1	Soft furnishings and wallpapers
Toby Churchill	Cambridge, Cambridgeshire	Communication aids for people with speech disabilities
Ciba Grimsby	Grimsby, South Humberside	Fine organic chemicals
Cincinnati Milacron UK, Machine Tool Divn	Birmingham, West Midlands	Machine tools
Claremont Fabrics	Glossop, Derbyshire	Drapery and upholstery fabrics
COBE Laboratories Manufacturing, A Division of COBE Laboratories	Quedgeley, Gloucestershire	Medical disposables
Cookson Entek	Newcastle-upon-Tyne, Tyne and Wear	Polyethylene materials used in car batteries
Copeland & Jenkins	Wellingborough, Northamptonshire	Micro disk components and leadframes
Cray Systems Space Division	Bristol, Avon	Space industry software services
Crosrol	Halifax, West Yorkshire	Short staple carding machinery
Crowson Fabrics	Uckfield, East Sussex	Furnishing fabrics and wallpapers
Cummins Engine Company - Daventry	Daventry, Northamptonshire	Diesel engines
D		
Desistron Microwave	Southend, Essex	RF and microwave components and systems
Dents Manufacturing	Warminster, Wiltshire	Leather and knitted gloves
Derwent Information	London WC2	Scientific information publishing
Desurvey	Birkenhead, Merseyside	Engineering design services
Devro	Glasgow, Scotland	Edible collagen sausage casings and film
Diamond Power Speciality	Dumbarton, Dumbartonshire, Scotland	Heat exchanger cleaning systems
Donvand t/a Gulliver's Travel Agency	London EC1	Tour operator
E		
A. C. Egerton	Orpington, Kent	External telecommunications line equipment
Electrolux (Floor Care), a division of Emaco	Luton, Bedfordshire	Vacuum cleaners
EMI Music Publishing - United Kingdom	London WC2	Music publishing
Ethicon	Edinburgh, Scotland	Surgical sutures and wound repair products
Euro Iseki	Stratford-upon-Avon, Warwickshire	Small diameter remote control tunnelling systems
EuroTalk	London SW6	Language learning CDs for computers
F		
Farr Vintners	London SW1	Fine and rare wines
W. Fein and Sons	Bradford, West Yorkshire	Speciality textile fibres
Filofax Group	London W1	Personal organisers
Financial Engineering	London W1	Magazines, books and directory publishing and conference organisation
Financial Times Group	London SE1	Newspaper publishing & associated activities
Fireater	Great Yarmouth, Norfolk	Fire fighting and fire protection systems
Sir Norman Foster and Partners	London SW11	Architectural services
Foster Wheeler Energy	Reading, Berkshire	Engineering, construction and project mgt
Franklin Hodge Industries	Hereford, Hereford and Worcester	Liquid storage tanks
The International Division of Freemans	London SW99	Catalogue home shopping
G		
Peter Geeson	Long Eaton, Nottinghamshire	Men's and ladies' knitwear
Glaxo	London W1	Pharmaceuticals
Bakery Division of Golden West Foods	Hemel Hempstead, Hertfordshire	Fresh and frozen buns
Gossard	Leighton Buzzard, Bedfordshire	Ladies' lingerie and foundation garments
John Guest	West Drayton, Middlesex	Plastic push-in tube fittings
H		
E C Harris International	London WC1	Quantity surveying and project management
Haven Country Classics	Horncastle, Lincolnshire	Sportswear
J M Heaford	Altrincham, Cheshire	Printing machinery
James H Heal and Company	Halifax, West Yorkshire	Textile testing and quality control equipment
Heraeus Noblelight	Cambridge, Cambridgeshire	Quartz laser flash and ultra-violet lamps
Hewlett-Packard	Bracknell, Berkshire	Electronic products for measurement, computation and communications
Horton Kirby Paper Mills	Dartford, Kent	Wallpaper
Dominick Hunter	Birtley, County Durham	High efficiency filters and dryers
I		
ICI 'Saffil' Business	Widnes, Cheshire	Alumina fibre
IOP Publishing	Bristol, Avon	Journals and books in physics and related subjects
The Information & Technology Publishing Co	Hitchin, Hertfordshire	Advertising and market research
International Combustion	Derby, Derbyshire	Power station boilers and ancillary equipment
Interopa Holidays	London W2	Tour operator
K		
K Shoes	Kendal, Cumbria	Shoes and sandals
King's College London, Univ of London	London SE1	Teaching, research and consultancy
Kodak	Hemel Hempstead, Hertfordshire	Photographic films, papers and chemicals
L		
Lambie-Nairn & Company	London W1	Marketing and design for television channels
Lightning Export	Enfield, Middlesex	Pre-recorded audio and video products
Lloyd Loom Furniture	Spalding, Lincolnshire	Woven fibre furniture
Lloyd's Register of Shipping	London EC3	Technical standards and safety for ships, offshore structures and industry
Longwall AFC	Worcester, Hereford and Worcester	Armoured flexible conveyors for mining
Loughborough Sound Images	Loughborough, Leicestershire	Electronic sub-assemblies for computers
Lyson	Stockport, Cheshire	Inks for colour ink jet printers
M		
Mackie International	Belfast, Northern Ireland	Machinery for processing natural fibres
Cameron Mackintosh	London WC1	Music productions and performance rights
Marks and Spencer	London W1	Retail store produce
Masons Overseas	London W3	Diesel generating sets and switchgear
Masterfil	Aylesbury, Buckinghamshire	Bottling and capping machinery
Meltog	Birstall, West Yorkshire	Machinery for can making, paper conversion and production of filter cores
The Mezzanine Floor Company	Tonbridge, Kent	Free standing mezzanine steel floors
Midland Cosmetic Sales	Birmingham, West Midlands	Perfumes and toiletries
Samuel Montagu & Co, Export & Project Finance Department	London EC3	Provision of export and project finance
Motorola Ltd, European Cellular Infrastructure Division (ECID)	Swindon, Wiltshire	Cellular radio telephone equipment
Motorola, European Cellular Subscriber Divn	Bathgate, West Lothian, Scotland	Cellular telephones
Munradtech Industrial Generators	Loughborough, Leicestershire	Diesel generating sets
N		
New Holland Ford	Basildon, Essex	Tractors and components
The North of England Protecting and Indemnity Association	Newcastle-upon-Tyne, Tyne and Wear	Marine insurance
O		
Optical Fibres	Deeside, Clwyd, Wales	Optical communication fibres
P		
Pan Liner Agencies	Solihull, West Midlands	Shipping and forwarding agents
Parallax Software	London W1	Computer graphics software
Pilkington Architectural Division, Pilkington Glass Products	St Helens, Merseyside	Structural glazing systems and high tolerance glasses
Pitney Bowes	Harlow, Essex	Postal franking machines and business equipment
Polaroid (UK)	Dumbarton, Dunbartonshire, Scotland	Photographic films, cameras, instant professional items and sunglass lenses
Precision Disc Castings	Poole, Dorset	Unmachined brake discs
Psion plc	London NW8	Portable computers
R		
RBR Armour	London SE1	Body armour, combat helmets and ancillary equipment
RSR	Cardiff, South Glamorgan, Wales	Medical diagnostics
Rotary (International)	Mallusk, Co. Antrim, Northern Ireland	Mechanical and electrical installations
S		
Sandon Flexographic Printing Rollers	Runcorn, Cheshire	Printing rollers
R P Scherer	Swindon, Wiltshire	Gelatin capsules
SEOS Displays	Burgess Hill, West Sussex	Visual displays for use in research and training simulators
Severn-Lamb	Alcester, Warwickshire	Steam locomotives, funicular railways, monorails and industrial models
Shield Diagnostics	Dundee, Scotland	In-vitro medical diagnostic products
Slingsby Aviation	Kirkbymoorside, North Yorkshire	Fixed wing 2 seater training aircraft
Paul Smith	Nottingham, Nottinghamshire	Men's and boy's clothing
Smith & Nephew Medical	Hull, North Humberside	Casting and bandaging products
Sony Manufacturing Company	Pencoed, Mid Glamorgan, Wales	Televisions and monitors
Specialist Refractory Services	Riddings, Derbyshire	Refractory mould materials for precision casting of aluminium and jewellery
Spectrum Technologies	Bridgend, Mid Glamorgan, Wales	Cable-marking equipment
Strix Ltd	Ronaldsway, Isle of Man	Components for domestic appliances
Synpac Chemicals	Bedlington, Northumberland	Penicillin base
T		
Tadmod	Maldon, Essex	Plug-top power supplies and chargers
Tradermade International	Bromley, Kent	Technical analysis and business info service
TRAK Microwave	Dundee, Scotland	Ferrite microwave components
Trimat	Brierley Hill, West Midlands	Heavy duty woven brake linings
Trinity College London	London W1	Graded examinations and diplomas in music, English language and speech subjects
Edwin Trisk Systems	Sunderland, Tyne and Wear	Infra-red paint curing equipment
U		
UES Bright Bar	Tipton, West Midlands	Bright drawn and turned steel bars
Ultra Hydraulics Mobile Products Division	Cheltenham, Gloucestershire	Hydraulic pumps and valves
V		
Vita Fibres Limited, Alpha Flock Division	Port Talbot, West Glamorgan, Wales	Flock fibre
W		
Walker Filtration	Washington, Tyne and Wear	Industrial and medical filtration equipment
Westwind Air Bearings	Poole, Dorset	Air bearing spindles
The Wrigley Company	Plymouth, Devon	Chewing gums
Y		
Yuasa Battery (UK)	Ebbw Vale, Gwent, Wales	Lead-acid batteries
Z		
Zeneca Pharmaceuticals	Macclesfield, Cheshire	Pharmaceuticals

Lloyd's Register of Shipping

Far-flung business

It is almost a quarter of a century since Lloyd's Register of Shipping last won a Queen's Award, but in 1971 the company was honoured for its achievement in industry.

This year, the 235-year-old classification society, whose mission is to "enhance the safety of life and property both at sea and on land", has been recognised for its work in the export field.

Its contribution to the country's invisible export earnings is considerable. About 85 per cent of the group's £146m turnover was last year derived from overseas business. "We are a worldwide organisation," says Lloyd's Register chairman Patrick O'Farrell. "We operate in 100 countries, have 255 offices around the world, and a 2,000-strong technical staff representing 67 different nationalities."

As the world's largest classification society, Lloyd's Register sets and monitors design and construction standards for 31 per cent of the world's shipping fleet in terms of tonnage, and 28 per cent of ships currently under construction.

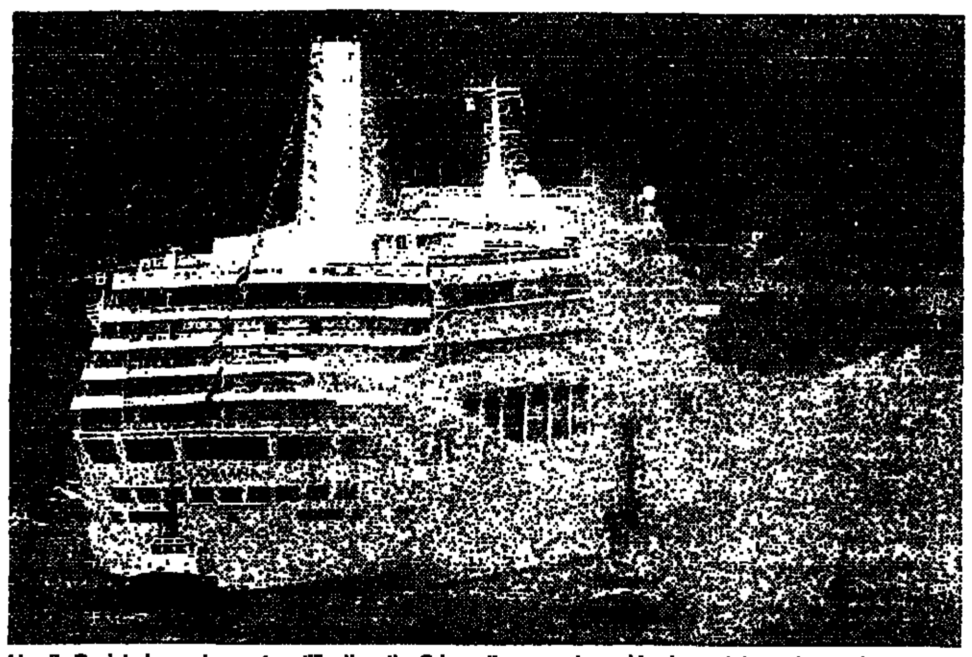
The group's work is not conducted only on sea-going vessels. Forty per cent of its business involves inspecting and approving industrial sites such as chemical plants, power stations and oil refineries, and offshore structures such as drilling platforms.

The group is a non-profit distributing organisation, which means profits are ploughed back into its business, primarily into the education of its technical staff and the improvement of its services. Annually, about £9m is spent on research and development and £6m on training.

Mr O'Farrell says the Queen's Award is a recognition of the work Lloyd's Register has done overseas in the past three years or so. "In that time, we have grown significantly," he says.

As an example of its expanding overseas operations, Mr O'Farrell cites the establishment of Lloyd's Register's Ship Emergency Response Service. SERS provides round-the-clock advice and support for vessels which encounter mechanical trouble at sea, collide with other vessels or run aground. Since its inception, more than 400 ships have signed up for SERS, including all 27 oil tankers and product carriers in the fleet run by Vela International, a Saudi Aramco subsidiary.

Other recent overseas developments have included new contracts to provide classification services in Saudi Arabia and to serve several US and Dutch cruise ship companies.


Lloyd's Register's most recent certification, the Oriana: the group has a big share of the cruise market

The group has a big share of the cruise market, and its most notable recent certification was of the German-built cruise ship Oriana, which the Queen named a few weeks ago.

Lloyd's Register's further-flung operations include the foothold it gained in 1993 in Vietnam, where it signed a technical co-operation agreement to assist with design approval and surveys of all offshore development in Vietnamese waters.

More recently, the group formed a joint venture with two of its largest competitors – the American Bureau of Shipping and Det Norske Veritas of Norway – to rid the world's oceans of substandard shipping. The venture plans eight initiatives designed to tackle unscrupulous fleet operators, including suspending all vessels that are overdue for their special renewal or annual surveys, and withholding classification from vessels until the requirements placed by previous societies have been met.

Lloyd's Register plans to expand further its work overseas. Mr O'Farrell says that later this year he will be leading a delegation to Beijing to make a presentation to Chinese government and industry. The presentation is aimed at helping China develop its infrastructure and introduce quality assurance and environmental protection standards in the chemical, oil and power generation industries.

The group also has its sights on other places in the Far East, notably Burma and Indonesia, and on Latin America. Eastern Europe is another region it has been exploring, holding seminars in the former Soviet Union, Romania, Hungary and the Czech Republic.

Patrick Harverson

Postal franking machines

Complexity par for the course

Exporting is not a straightforward business for Pitney Bowes, the franking machine and production mail company.


Len Fletcher: 'the picture is very different in each country'

Pitney, whose exports in the year ending December 1993 accounted for just under 42 per cent of its sales, has a sea of regulations to wade through before it can do business in another country. Postal regulations vary enormously between countries and to sell a product that collects money, as with a franking machine, requires an operating licence. Security, naturally, is a big issue in mailing equipment and stipulations can be exhaustive.

"It can be a very involved process and take a long time to complete. The picture is different in each country. While one part may be quick, another may be slow," says Len Fletcher, managing director of the UK division of the Connecticut-based parent company.

Research into the markets needs to be comprehensive and even when the framework of regulations have been addressed, there may still be unexpected hurdles. A piece of equipment intended for Germany had to be modified because while complying with noise regulations in the UK, it exceeded German ones.

That, though has been the least of Pitney's unexpected hitches in Germany. Reunification of course meant a large-scale operation to change addresses on the franking machines.

But complexities must be par for the course in mail equipment exporting and an active exports programme is a large part of Pitney's development strategy in spite of the fact that the company enjoys a domestic market share of 49.5 per cent.

Continued on page 4

Heavy equipment producers

Foreign markets fuel growth

The UK's heavy equipment industry may be a fraction of what it once was, but the export awards illustrate that what remains is in good shape and in a strong position to continue its export-led growth.

Most of the awards go to household names in the engineering industry, with foreign-owned companies such as Caterpillar and Cincinnati Milacron taking four of the awards and UK-owned companies winning a further four.

In several cases, the awards are a recognition of the important changes undertaken not only to enable companies to get through the recent recession, but also to secure a lucrative future in the upturn – which many are now enjoying – and beyond.

A case in point is the machine tool division of Cincinnati Milacron UK. The Birmingham company, which reached a low point in 1988, has staged an impressive comeback as a result of its role in Milacron's global "Wolfpack" programme. This involved an extensive new product development programme and a "focused factory" concept under which it took total responsibility for developing and producing new computer numerically controlled (CNC) machining centres for the world market.

Several of the award winners in the sector illustrate UK's traditional strength in making equipment for power generation

The results are now coming through strongly. Output from the Birmingham factory rose 100 per cent last year and is heading for a further big rise this year. More than 80 new employees have been taken on in the past 12 months.

The company's exports have grown substantially faster than the sector average, and have reached 80 per cent of output. The successive launch of the Sabre, Arrow and Lancer range of machines is the foundation of the company's export achievement, and the Arrow machining centre has even achieved success against Japanese rivals in their own market – notoriously difficult for foreign machine tool builders.

The off-highway equipment industry has produced two winners, both of which have undergone big changes in recent years. At Caterpillar (UK) in Desford, near Leicester, the product range has been completely updated over the past five years and a new strategy developed for increased customer focus.

The company, which won Export Awards in 1966, 1967 and 1976, says achievement of its strategic targets, including a reorganisation of its production methods, has enabled it to operate at record production levels for backhoe loaders, and to add small wheeled loaders to its manufacturing base. These developments have contributed to growth in exports over the past three years.

Basildon-based New Holland Ford is another winner which has been at the sharp end of an industry restructuring. Making agricultural tractors is one of the toughest engineering businesses in Europe, and the company has had to respond to overcapacity in manufacturing, recession and structural decline in its traditional markets – a situation exacerbated in recent years by cutbacks in payments to farmers under the European Union's Common Agricultural Policy.

The company was acquired by Fiat in 1991 from Ford Motor, and is now the UK manufacturing arm for Ford and Fiat tractors. Medium to high horse power tractors account for 80 per cent of output, with the balance coming from components, diesel engines and agricultural equipment. It exports to 120 countries, and in recent years increased sales to North America have helped to offset a fall in exports to continental Europe.

A supplier to the off-highway equipment industry, Gloucester-based Ultra Hydraulics, also won an export award. It makes hydraulic pumps and associated valves for mobile applications including grass cutters, lift trucks, and construction equipment.

Ultra's exports have more than doubled over the past two years, and the company attributes its success to new products which have differentiated it from big foreign competitors. These include Stealth, a low-noise gear pump.

The UK's traditional strength in making equipment for power generation are illustrated by three more winners from heavy engineering. Cummins Engine Company's Daventry plant, which has previously won four export awards, makes large diesel engines mainly for industrial equipment, generator sets and marine applications.

The award partly reflects a successful strategy throughout the Cummins group for achieving big increases in productivity, delivery, lead time, output, quality and profitability through investment in training, equipment and by establishing partnerships with employees, customers and the local community.

At Derby-based International Combustion, part of Rolls-Royce, the aero-engines and industrial power group, an ongoing research and development programme has been a big stimulant to export success. The company builds power station boilers and ancillary equipment, and in the past decade had made progress developing technology to meet increasingly stringent pollution controls.

Its principal export market is the US, but the Far East, central and eastern Europe are emerging as new markets.

A newer name in the power equipment industry, Munradtech Industrial Generators, wins an export award for the second year running. Based at Loughborough, the company designs and manufactures diesel-engined generating sets for prime and standby power applications. Since last year's award, it has extended its markets to include India, Liberia, Sierra Leone, New Zealand, Argentina and Venezuela.

The final winner in the sector is APV Baker's FES division, which makes food processing plant for the confectionery, cereal and snack industries. This is a timely accolade for APV, which had a difficult year in 1994 and recently announced a big group-wide restructuring.

The FES division's food process centre played a leading role in winning important export contracts, it says. These include sales of more than 20 complete process lines for snack production to the Far East, South America and Europe, and a £4m process line for breakfast cereals in Europe.

Andrew Baxter

Complex course

Continued from page 3

China's 55,000 post offices are currently undergoing a transformation using equipment made at Pitney's Harlow base after the company clinched the $20m deal last year. Machinery will be distributed by its Chinese partner Zhongyu, a postal code and information company established under the government's postal system.

Last year's contract may have been large but the potential in China is still huge as *the modernisation of its postal* service proceeds. Mr Fletcher *believes. And the Far East in* general is high on Pitney's export agenda. Closer to home, and in common with most exporters, Pitney is making *hay in the developing eastern* European markets, especially in Russia, Poland and the Czech and Slovak nations.

Pitney markets itself worldwide *on two main selling* points – its technological developments and its established reputation in the industry. Incorporated in 1922, it introduced the first franking machine to Britain which was bought by Prudential Insurance *for its London head office.* It has installed more than 1.5m machines worldwide and has 220,000 customers in Europe.

Its position has been further bolstered in recent years by international standards awards. In 1993 the French *Post Office awarded the company the ISO 9002 quality assurance standard,* the first time such an award had been made to a postage meter manufacturer. This year's Queen's Award for export achievement is *Pitney's second after last* winning recognition in 1988.

Technology is moving fast in postal production with more machines capable of a wider range of tasks. Computerised models can now provide monitoring and organisation of postal use along with the payment facility. Tracking the *movement of mail throughout* a company is now easier.

Its future customers, Mr Fletcher thinks, are likely to come from two main sources – those who want to upgrade electronic machines to computerised *ones and expand their* functions, and the small user who may have considered franking machines the preserve of large companies.

The small business and even home users could be more enticed by the idea of using franking machines as the interfacing with personal computers develops. Market research suggests growing interest among home users and this *may be an area Pitney* will seek to tap worldwide.

"There is still a lot of room for expansion. While we have nearly half of the market share *in the UK we have only one* per cent of the market in France," says Mr Fletcher.

Christine Buckley

Cleaner and leaner

David Lascelles looks at three environmentally friendly developments

Companies which make cleaner, leaner products *and operate without* damaging their natural surroundings are among this year's winners of the Queen's Awards for environmental achievement.

ICI Autocolor, a division of *Imperial Chemical Industries* in Slough, receives one for developing a water-borne paint for car bodywork which can be used in repair shops where *expensive spraying equipment* is not available.

The Aquabase product was developed to meet growing demand for "glamour" car *paints: those with a metallic* sheen. These paints use large *quantities of solvents and usually* have to be applied at high temperatures to get them to dry. Aquabase is a water paint which can be dried using a simple air blowing system. Because it contains relatively small amounts of solvent it is also friendlier to the atmosphere.

Chris Wall, the international marketing manager, says that, with the car paint market increasingly dominated by environmental considerations, the company tried to develop a product which would enable its customers to be both green and *profitable. "Environmental* compliance is a key part of our work," he says.

Development of Aquabase began in 1985, and the first *commercial* sale was made in 1992. Sales are now growing strongly, with about 1,200 systems in use around the world. Although other suppliers are entering the market, Mr Wall believes ICI is still the *market leader.*

The Queen's Awards for Environmental Achievement

Company	Location	Product or process
BP Exploration Operating Company	*Poole, Dorset*	Onshore development of Wytch Farm oilfield
Devon Valley Industries	*Exeter, Devon*	Coloured papers for decorative industries
ICI Autocolor	*Slough, Berkshire*	Aquabase waterborne basecoat for car repair
United Distillers Operations	*Edinburgh, Scotland*	Light weight spirit bottles
United Glass Limited	*St. Albans, Hertfordshire*	Light weight spirit bottles
Vortoil Separation Systems Limited	*Gloucester, Gloucestershire*	Liquid/liquid hydrocyclone

Cleanliness of another kind led to development of the product which gained an award for Vortoil Separation Systems in *Gloucester: a hydrocyclone for* separating oil from water. The machine, shaped like an ice cream cone, spins water at very high speeds and achieves efficient levels of *separation.*

It also has the virtue of compactness: it is much smaller than the settling tanks normally used for this work. This makes it attractive to offshore oil production platforms which have to separate large amounts *of water from the oil which* comes up from the wells. The technology was developed by the mechanical engineering department of Southampton University and funded by Conoco, Vortoil's parent.

Environmental concerns play a key role in shaping the market, says David Watts, the managing director. But the hydrocyclone's small dimensions also meet "the crying need" to compress *the size* of equipment for use at sea.

United Distillers' Ivor Lewis with United Glass's Bob Coakley: the partnership led to a joint award — Clare Arron

Apart from the North Sea, the product is being used by oil platforms offshore in the Bay of *Bombay.*

A partnership between United Glass and United Distillers won a joint award for their work in developing light*weight glass bottles for spirits.*

The new bottles weigh 20-25 per cent less *than ordinary* bottles, but have the same *strength* and other performance characteristics. The new product is an extension to the larger bottle design of a technology which has been in *existence* for some years for small beer bottles. United Glass invested almost £10m on developing the new product, according to Bob Coakley, UG's managing *director.*

As with the other winners, *the partners* stress the part played by environmental pressures in spurring technological advances. The packaging industry is in the thick of the *environmental debate* as many countries try to cut back on packaging waste.

But apart from taking weight out of British dustbins, the breakthrough will *reduce* resource use. UG estimates the introduction of the new technology produces an average energy saving of 22 per cent and raw material *savings of* 20 per cent. An increase of 8 per cent in the number of bottles on each load, with a relative reduction in delivery frequencies, also saves *money.*

Another winner in the category is Devon Valley Industries, which is based in Exeter, for its work in replacing heavy metal pigments with non-hazardous organic alternatives in the manufacture of decorative laminate papers. Apart *from* resulting in greener products, this breakthrough eliminates heavy metals from the waste and discharges of the produc*tion process into* water and rivers.

Worth winning

Continued from page 1

Industry and academia were urged to work more closely together while the DTI and trade associations should help industry to implement best practices in manufacturing.

Effective schemes to promote exports will also continue to play an important part in *deciding future award winners.* The schemes run or supported by the Department of Trade and Industry range from the grandiose – such as the North America Now campaign launched in 1993 – to the small scale.

For example, the department is chipping in £30,000 to help pay for the first Chinese representative of the Machine Tool Technologies Association. A Chinese engineer has *just* started work collecting market intelligence and leads for 12 UK machine tool builders in a pilot project that could be repeated in other markets and industries *if it goes well.*

One of the scheme's participants, Cincinnati Milacron UK, features in the Queen's Awards this year, which as ever *encompasses products and services* that vary from the humdrum to the esoteric, and winners that range from multinational household *names to tiny companies with* a handful of employees. Of the 163 winners, 38 are companies with less than 50 employees.

The esoteric include Kent-based Biological Crop Protection, which breeds and sells "beneficial insects" that feed on aphids, *flies* and other species that damage crops; or Sev*ern-Lamb, based at Strat*ford-upon-Avon, whose [illegible] ful "themed" locomot[illegible] carriages can be fo[illegible] sure [illegible]ldw[illegible] [illegible] struction, Glaxo [illegible] *its Saffil alumina* [illegible] ness).

Service companies took 19 per cent of the export awards, down slightly from 20 per cent in 1994 but up *from 17 per cent* in 1993.

Again, the range was enormous, from travel and shipping agencies to Trinity College, London for its 100-year-old examining body in music, English language and speech subjects.

BP's Wytch Farm onshore oilfield

Nature a factor from day one

In trying to extract about 95,000 bar*rels of oil each day from the Wytch* Farm onshore oilfield in Dorset, [illegible]sh Petroleum was faced with big [illegible]n. Poole has the largest natural [illegible] in Europe and is exceptionally [illegible]l. The oilfield – situated in [illegible]ssified as being of outstanding [illegible]beauty – contains sites of spe[illegible]entific interest and includes [illegible]l nature reserves – land owned [illegible] National Trust, Special Protec[illegible] Areas and Heritage coastline.

A proposal to build an artificial *island off the oilfield to tap the off*shore extension of the field had triggered a storm of protest along the south coast. New technology, in the form of horizontal drilling from a land base to a point more than 5km offshore, solved BP's problem.

"Extended reach" drilling was the method employed at the oilfield – the UK's largest. Seven of the wells are vertical for only about the first 100 metres after which they run at angles of up to 90 degrees with the longest well being 6.8km and, at its deepest point, one mile below the surface.

Steve Marshall, manager of Wytch *Farm, says that, unlike many oilfields* which contain oil in reservoirs at a depth of 2-3 miles, the Sherwood reservoir being tapped by the Wytch Farm extended reach drilling is at a depth of only one mile, providing little natural pressure to force the oil to the surface. This meant pumps had to be placed in the walls to push out the oil.

It is estimated that the Sherwood reservoir contains recoverable reserves of 270m barrels of oil. Together with the Bridport reservoir of 30m barrels of oil, this makes Wytch Farm the largest onshore oilfield in western Europe.

To extract large amounts of oil each *day from an area of great natural* beauty without causing extensive disruption to the environment is a considerable achievement.

"We have had to think about the environment from day one," said Mr Marshall. "We believe in communication. If you keep people informed, there are no surprises. People become confident that you will deliver your promises." BP prepared the local community for each stage of the oilfield's development. In 1990, when the company was considering the possibility of constructing a 30-acre artificial island in Poole Bay, visits were arranged to see its existing wellsite operations on Furzey Island in Poole Bay, demonstrating the careful landscaping, noise control *and* other anti-pollution measures in place on the site.

By 1991 plans for the artificial island had been abandonned and replaced by the far less intrusive *plan for extended* reach drilling from a small onshore location on the Goathorn peninsula. This also enabled the first oil production from the offshore section of the reservoir to be accelerated by three years and capital expenditure to be halved.

"Although BP [illegible] the award, it is our partners, local contractors, local authorities and various statutory, voluntary and community organisations who really share [illegible]," said Mr Marshall. "Such partnerships have characterised Wytch Farm's development by BP in such a uniquely sensitive environment."

Kevin Goldstein-Jackson

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THE QUEEN'S AWARDS FOR INDUSTRY 1995

Daniel Green looks at the pharmaceuticals sector

Trade at all levels

The UK's pharmaceuticals industry has long been one of its best exporters. In 1993, the latest full year for which data is available, the UK recorded a trade surplus in the sector of £1.7bn, a 26 per cent rise over 1992.

This should not be surprising, since the UK drugs industry compares with the best in the world. Glaxo is now the largest drugs company in the world as a result of a £9.1bn takeover this year of Wellcome. Others such as SmithKline Beecham and Zeneca are leaders in their respective fields of broad-based healthcare supplies and cancer.

But this year's winners of Queen's Awards for Exports are not restricted to the big companies. Glaxo has once more won an award. But so has Shield Diagnostics, whose £9m market capitalisation is less than a two-thousandth of Glaxo's.

Both large and small companies have helped push medicinal and pharmaceutical products, as a category, to third in the UK league table of exporting industries behind power generating machinery and petroleum and petroleum products, according to government statistics collated by the Association of the British Pharmaceutical Industry.

Most of this trade takes place with the rest of western Europe to which £1.95bn of goods are sold and from which £1.69bn are imported.

There are bigger surpluses with Asia and Oceania and with North America, where the UK exports £460m and £351m respectively more than it imports.

Early indications of trade performance in 1994 suggest a sharp fall in the rate of growth in the trade surplus. In the first half of 1994, it was £848m, up just one per cent on 1993. Nevertheless the sector has won a series of Queen's awards for export achievement this year.

Zeneca Pharmaceuticals, the drugs arm of the biosciences company Zeneca demerged from ICI in 1993, wins for the second year in succession.

Like most large drugs companies, it has huge overseas marketing and sales operations to sell the products made in the UK. It has 8,000 staff outside the UK compared with only 5,000 in its home country.

They helped lift pharmaceuticals exports to £920m in 1994, a 20 per cent increase on 1993, with the product made at the company's plants in Macclesfield, Cheshire, and Severnside, near Bristol in Avon.

The best sellers include Zoladex for cancer and Diprivan, an anaesthetic, which had exports up to 38 per cent higher than in 1993.

Among its export markets, Italy led the way in Europe. But the biggest growth came

Glaxo's exports as a proportion of the goods manufactured in the UK rose from 57 per cent in 1994 to 67 per cent last year

from Japan, where exports rose 15 per cent and the US, up 26 per cent.

Tom McKillop, Zeneca Pharmaceuticals' chief executive, said that the export growth was "particularly significant considering the pressure on *the healthcare industry* worldwide."

Glaxo's exports in the year to June 1994, its financial year, passed £1bn for the first time. Exports as a proportion of the goods manufactured in the UK rose from 57 per cent in 1994 to 67 per cent last year.

The company own the world's biggest selling drug, Zantac, an ulcer treatment, and a portfolio of fast growing new products such as Imigran for migraine. Since taking over Wellcome, it also has a dominant position in the anti viral market, thanks to the drug Zovirax for herpes and shingles.

Shield Diagnostics has a long way to go before it reaches the heights attained by Zeneca and Glaxo.

But the Dundee-based company, founded only in 1987, has pushed exports up four-fold between 1991 and 1994. Last year, total sales were worth £2.2m, of which £1.4m-worth were sent overseas.

The company makes diagnostic tests for diseases, a crucial part of any treatment. Speed and accuracy can shorten the span of an illness or even save lives by pointing to the treatment for a doctor to prescribe.

Shield specialises in diseases of the immune system such as psoriasis, the skin disorder, but also sells diagnostic tests for ulcers and other products.

These tests have been big sellers in North America, which accounts for 40 per cent of the company's exports, and Hungary, where the company has been assisting in a programme of developing auto-immune disease tests.

Healthcare sales are not necessarily about high technology. Smith and Nephew Medical, part of Smith and Nephew, specialises in treating wounds, sprains and broken bones.

Its product range includes relatively modest support products such as bandages and plaster of Paris casts, through to high technology wound management and polypropylene casting which has the advantage of being more transparent to X-rays.

Smith and Nephew Medical *has concentrated* on *selling* products made at its Hull site into the world's biggest three markets, the US, Japan and Germany.

In these markets, sales have growth by 57 per cent in two years. Smith and Nephew Medical's overall export sales – to 120 countries – have grown 63 per cent over the same period to £43m. Chris O'Donnell, group director Medical products at Smith and Nephew Medical, said that part of the divisions' success was "in establishing strong local sales and marketing organisations throughout the world."

Further progress for export oriented companies seems likely because the world's medicines regulators are becoming more internationally-minded and keener on the rapid approval of new products.

Sir Norman Foster and Partners

The global approach

When a company is engaged in overseas projects as prestigious as designing Hong Kong's latest airport, remodelling the Reichstag in Berlin, and designing stations for the new metro system in Bilbao, it should come as no surprise when it wins a Queen's Award for export achievement.

Sir Norman Foster and Partners *is one of the best-known* architectural practices in the world, thanks to a series of high-profile, widely-acclaimed buildings the firm has designed across the globe. They include probably Sir Norman Foster's most famous work, the stunning $500m Hongkong and Shanghai Bank headquarters in Hong Kong, as well as the Century Tower in Tokyo, the Torre de Collserola communications tower in Barcelona and the Carré d'Art gallery and culture centre in Nîmes, France.

This is not to say that the London-based architectural practice ignores the UK. Sir Norman Foster's signature of sleek modern buildings encased in steel-and-glass is evident in such highly regarded works as Stansted Airport and the Willis Faber building in Ipswich (which recently earned a listing for its merits). And among the grandest *of its current projects is* the redesign for the British Museum in London, a job that is sure to attract plenty of attention – and controversy – such is the vigorous debate about architecture in the country today.

But it is for its achievements outside the UK, and its contribution to exports, that Sir Norman Foster & Partners has been recognised with an award.

Established in 1963, the partnership employs 270 people worldwide, with 150 based in the high-tech head office overlooking the Thames at Battersea. The remainder work at offices in Berlin, *Frankfurt, Düsseldorf, Hong* Kong and Tokyo, and between them they generate millions of

The Hongkong and Shanghai Bank building in the mid-1980s 'was the turning point for us'

pounds in revenues. In the current financial year, which ends this month, the firm's turnover will total more than £17m.

In spite of the string of important foreign projects it has designed, it is only fairly recently that the practice has built up a significant presence overseas.

Less than five years ago, only about a quarter of the partnership's projects were outside the UK. Since then, the situation has been reversed. Today, only 15 to 20 cent of its work is done within the UK.

David Nelson, one of *the* practice's partners, says that the firm's diversification into more overseas work dates back to the Hongkong and Shanghai Bank building in the mid-1980s.

"That project was the turning point for us," he says.

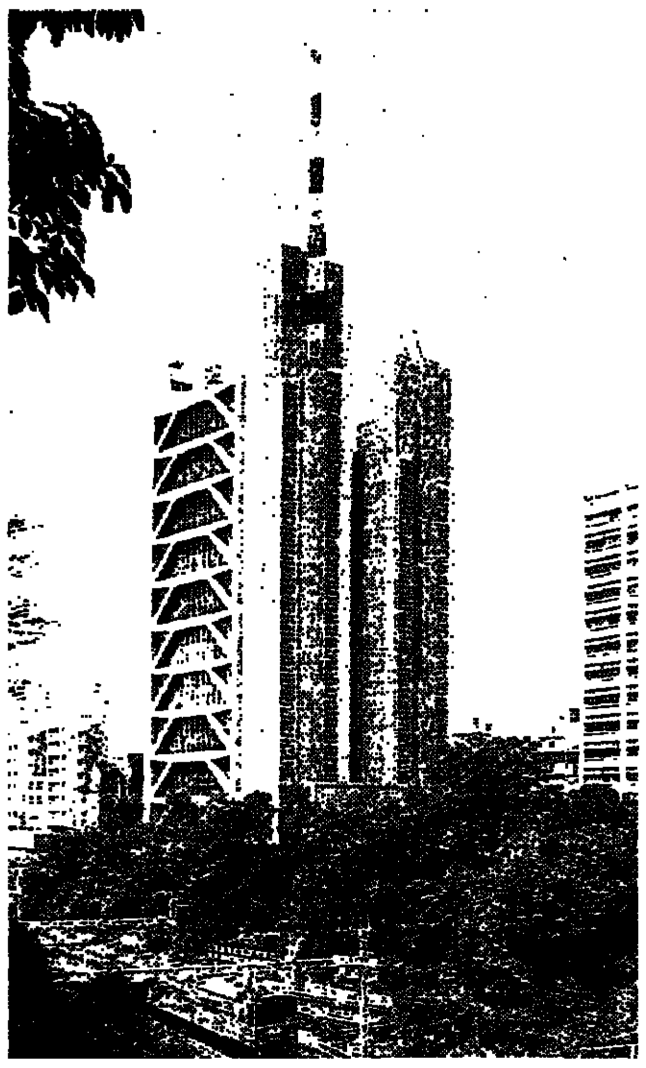
After working in Hong Kong, the partners realised the firm's potential to develop business outside the UK.

The decision actively to seek work in the Far East – particularly Japan, where a Tokyo office was set up in 1987 – as well as in continental Europe and the US proved fortuitous. As sharp downturn hit UK businesses in the early 1990s, *overseas contracts* helped the firm weather the storm. Mr Nelson says: "When the recession hit in the UK we were well positioned, having been through the learning curve in those countries."

Although the firm adopts a similar approach to design in all its work, whether it is in the UK or overseas, it has learned to adapt to the demands of each project whenever working in a foreign country. "We've discovered working abroad that you have to be very sensitive to the cultural climate you're working in," says Mr Nelson.

During work on the design of the Hongkong Bank building, for example, a feng-shui doctor – a practitioner of the Chinese art of divining energy within a room or building – was present, and his advice influenced the situation of features such as the bank's entrance and escalators.

Today, cultural climates are as diverse as those of Japan, France, Spain, the US and Saudi Arabia, countries where the partnership is working on major projects. In spite of the popular conception of architects working on designs for huge skyscrapers, the firm's



Century tower, Tokyo

projects range from the vast – masterplans to regenerate and expand whole cities – to the intimate – interior design, furniture, product design, corporate graphics and exhibitions.

Mr Nelson says the Queen's Award is not just a reflection of the skills employed at Sir Norman Foster & Partners, but a tribute to the architectural skills in the UK as a whole. "There is a huge amount of talent in this country that the rest of the world likes to use."

Patrick Harverson

Christopher Price *on Lambie-Nairn's TV motifs*

Branding flair wins work in Europe

The expertise which designed brand identities for Britain's leading television channels is winning increasing acclaim from European stations and has been recognised with a Queens Award for Lambie-Nairn, the London-based production group.

Founded in 1976, the company has been responsible for some of UK television's most watched moments – including the exploding Channel 4 logo, the varied and entertaining BBC 2 motifs and Carlton Television's series of local Londoners, all of which preceded broadcast programmes.

Overseas customers include Tele 5 in Germany, TSI in *Switzerland* and *Showtime* in the US.

Lambie-Nairn is also renowned for its innovative commercials and was responsible for the award-winning animated Smarties advertisements. Work in this field has involved assignments with Ogilvy and Mather in the US, J Walter Thompson in France and with TBWA in Germany.

It was the launch of the Channel 4 brand and logo in 1982 which brought the group to the forefront of the design world and the watching television public. The deregulation of British television that followed encouraged all broadcasting groups to revamp their corporate images in order to reinforce their standing in an increasingly *competitive* marketplace.

Lambie-Nairn subsequently developed brand packages for BBC 1, BBC2, Anglia, Carlton, Bravo and Wire TV in the UK.

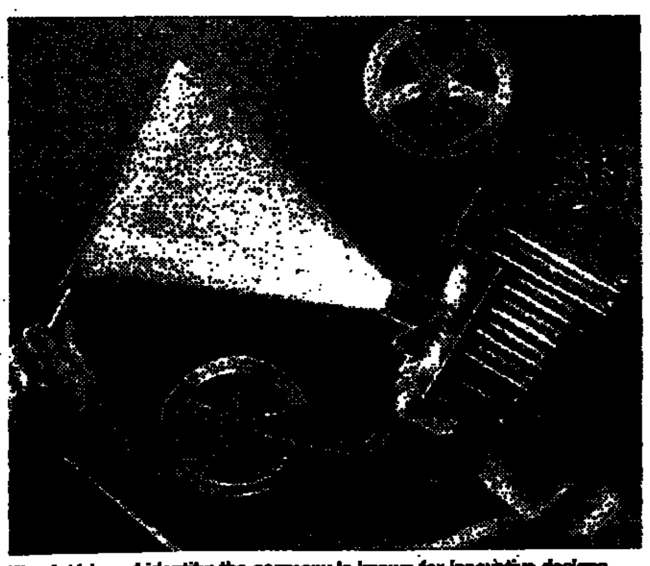
The group turned over £5m last year, with profits of £162,000. Exports have grown substantially in recent years, increasing from £55,000 in 1992 to £1.1m in 1993.

Martin Lambie-Nairn, founder and chairman, said that the group was increasingly targeting the overseas market.

"There are only so many television companies in this country and we see enormous potential in the foreign television market, much of which is just beginning to open up."

He added that the theme that ran throughout the group's business was one of creative excellence combined with commercial effectiveness.

Sarah Davies, managing director, said that the group



The Arté brand identity: the company is known for innovative designs

had begun exploring foreign markets in response to the maturing UK market for identity branding.

"Around 50 per cent of our business now comes from abroad," she says.

While much of this interest remains in Europe, Lambie-Nairn is increasingly looking at south-east Asia as a target for expansion. However, the

The company is increasingly looking at south-east Asia as a target for expansion

US is proving a harder nut to crack. "US TV companies tend to have a follow-my-leader attitude to design and conservatism in branding," comments Mr Lambie-Nairn. But the market remains one that the group was determined to make inroads into.

While overseas markets will remain important, the group also wants to expand into corporate identity work. "We see this as a very important area and we are already talking to some potential clients," says Mr Lambie-Nairn.

The creative process begins with Lambie-Nairn assigning a project team to the client to assess its needs. Initial research will be commissioned into the opinions of viewers, advertisers and commentators. Rival station operations are also included in the study, which culminates in an overall assessment by the project team and the formulation of a branding strategy.

The creation of of logos, typography styling, corporate colours, music and sequencing are the next step which Lambie Nairn compares with the branding involved in any major corporate identity study. The actual production of the identity follows, with the group undertaking all production and post-production tasks.

For Carlton, when it replaced Thames Television in 1992 as the weekday London broadcaster, the problem of brand identity was particularly acute. The task was made more difficult by the fact that viewers carried a strong allegiance to Thames and even more so to London Weekend Television, the weekend franchise holder.

Lambie-Nairn's solution was to relate Londoners to the station by using over 100 members of the public in live action sequences before all Carlton-produced programmes. They were chosen to reflect the richness and variety of the region. The result was a rapid recognition of Carlton by viewers as the leading London station, according to Lambie-Nairn market research.

Lambie-Nairn has won numerous awards, including a Gold Award and three Silver Awards from Design and Art Direction. It has also won a Bafta for television graphics and a silver medal at the International Film and TV Festival of New York.

Innovations from pneumatic slippers and seed-planters to a Hollywood best-seller win awards for technological achievement this year. The 17 winners from across industry represent large and small businesses in mainly export-driven markets.

Sectors range from manufacturing and multimedia to agriculture and medical equipment. Several companies in media and communications are named for developing systems that improve product performance.

Snell & Wilcox wins the award for its system that enables US films to be converted to European video without loss of quality. The company developed and manufactures its digital electronic film transfer system, Deft, in the UK.

The system converts American video originally shot on film to a European standard. Buyers include the producers of Hollywood blockbusters filmed for television, such as Twin Peaks, LA Law and NYPD Blue, and the producers of movies converted for home video.

Deft, which sells for £500,000, was launched in 1990 in response to an outcry among European television broadcasters when US soaps, such as Dallas and Dynasty, suddenly lost picture quality. Hollywood producers had slashed costs by editing their films on video instead of on a copy of the original film.

Frame speed differences between the two meant quality suffered. The pictures suffered further in the transfer from the American NTSC video format to the European Pal standard. Some European broadcasters threatened to cancel their Hollywood imports.

"Deft was in response to that," says Joe Zaller, marketing manager at Snell & Wilcox. "It enables producers to keep film quality by shooting on film, and to make the cost savings too by editing on video."

It is the third Queen's Award for the company, which has grown rapidly in the past six to seven years. Exports, which account for about 90 per cent of turnover, are mainly to Hollywood film producers. Deft, which is also used by advertising agencies for the conversion of television commercials, last year won an Emmy award in the US.

A further innovation in video images, by Quantel, is listed. The company's Henry Concurrent Editing System is the first to enable the layering and manipulation of images from multiple video sources in one integrated digital system. Quantel, a division of Carlton Communications, also produces the innovative on-line television editing systems, Hal and Paintbox.

In telecommunications, Marconi Instruments and Racal Instruments are named. Marconi wins the award for developing an electronic technique to improve the efficiency of communication systems such as mobile telephones. Called fractional-N synthesis, it enables the radio frequency signals that are fundamental to any communication system, to be controlled very precisely.

Mr Peter Smith, managing director of Marconi Instruments, says : "Without this technology we would not have attained our dominant worldwide position in RF signal generators, mobile radio test sets and particularly microwave test sets."

Racal Instruments wins the award for its digital radio test set, the 6111. The system, in operation worldwide, is used to test base transceiver stations for the global system for mobile communications. It speeds up and simplifies testing, and is controlled through a PC on Windows-based software.

Mr David Whitehead, managing director, says the award reflected the "vital part" played by test instrumentation in high-growth, leading edge communications technologies. "The 611 has been instrumental in the rapid expansion of digital cellular communications systems around the world by enabling the timely production and successful installation of the digital communications infrastructure."

Several engineering innovations win awards including two companies for developments in pipe systems. ABT Industries is listed for its system that allows the insertion of a new polyethylene pipe into steel pipes connecting domestic gas meters to the main supply. The unique feature is its electronic sensor which detects when the new pipe has reached the gas main and ensures the connection between old and new pipes up to the main.

McKechnie Vehicle Components gains the award for developing a method for forming and assembling plastic tubes for fuel lines and similar components in vehicles. Its system eliminates an earlier problem of tube shrinkage on heating by using infrared radiation. The process is also cleaner and swifter than earlier methods of inserting and attaching tubes.

Blackhawk Automotive is selected for its innovation in the vehicles sector. Its ultrasonic sound system measures chassis damage more clearly and accurately than mechanical methods.

The Messier Dowty joint venture is listed for its latest Airbus landing gear that sets an aircraft gently on the ground using a two-level shock absorber damping valve. Its controlled articulation system lengthens the main landing gear for landing and take-off, and shortens it so that the gear can be installed into restricted bay space.

In addition to electronic and engineering innovations, the awards for technological achievement pick out an agricultural breakthrough: Stanhay Webb's Singulaire multiline pneumatic seed planter. The device selects and plants single vegetable seeds that would normally need to be placed in pellets for precision planting. The planter operates on a tractor driven fan and airflow system. It can select and plant up to three lines of seeds at a rate of 14,400 seeds per minute, saving growers the cost of seed coating and productivity because moisture reaches the seed more quickly.

Stanhay Webb, a management buy-out, specialises in seed drills. The company says that turnover, which held steady through the recession, has "exploded in the past 24 months" reaching £4.5m this year. Singulaire accounts for just over half of the company's sales and exports account for about two-thirds.

A commitment to R&D and innovation has been "vital" to the company, according to Mike Heywood, a Stanhay director. The company is constantly customising to the requirements of different crops and different customers.

Development of the Singulaire started at Stanhay's Suffolk factory in 1983. "Our concept at the time was to develop a seed drill which could do what no other drill in the world was capable of doing - planting raw seed accurately in one, two or three lines," says Mr Heywood.

Twelve years later, the product is proving to be a world beater, selling in 30 countries.

The Queen's Awards for Technological Achievement

Company	Location	Product or development
ABT Industries Ltd	Peterborough, Cambridgeshire	ABT live service insertion and sealing systems
Applied Vision Ltd	Whitwick, Leicestershire	Plasma-sputtered ophthalmic coatings
Blackhawk Automotive Limited	Ashford, Kent	"Shark" Computerised Measuring System
Borden (UK) Ltd	Southampton, Hampshire	Foundry sand binders
European Resins Group James Dewhurst Limited Dewtex Division	Accrington, Lancashire	Dewtex - a technique for manufacturing non-woven "laid" reinforcement scrim products
Marconi Instruments Limited	St. Albans, Hertfordshire	RF frequency synthesis using fractional-N techniques
McKechnie Vehicle Components Extrusion Operation	Milton Keynes, Buckinghamshire	Revolutionary method of assembling and forming thermoplatic
MediSense Inc	Abingdon, Oxfordshire	Technological innovation in blood glucose monitoring
Messier-Dowty Ltd	Gloucester, Gloucestershire	Large landing gear structures
Novamedix Limited	Andover, Hampshire	A-V Impulse-System - technological innovation in blood circulation enhancement
Quantel Limited	Newbury, Berkshire	The "Henry" Concurrent Editing System
Racal Instruments Limited	Slough, Berkshire	Test systems for GSM and DCS 1800 base transceiver stations
Renishaw Transducer Systems Division of Renishaw plc	Wotton-under-Edge, Gloucestershire	QC10: Renishaw Ballbar
STC Submarine Systems Limited	London SE10	Submarine telecommunications systems employing erbium-doped fibre amplifiers
Snell & Wilcox Ltd	Petersfield, Hampshire	Electronic film transfer equipment
Stanhay Webb Ltd	Newmarket, Suffolk	Multiline pneumatic seed planter
Underwater Excavation Limited	Portlethen, Aberdeenshire, Scotland	Jet Prop Underwater Excavation Systems

Sheila Jones looks at some of the 17 technology innovations honoured

Deft response to Hollywood

In addition to electronic and engineering innovations, the awards pick out an agricultural breakthrough

Recognition for two medical companies

Innovation impresses the judges

The highly competitive medical health sector has produced two winners among the awards for technological achievement: Novamedix, based in Andover, Hampshire, and Medisense, based in Abingdon, Oxfordshire.

Novamedix wins the award for its equipment designed to improve blood circulation. Medisense is named for its blood glucose monitoring system. The two companies have secured large export orders, particularly in the US, and growing global sales. Both innovations took about 10 years to develop.

Medisense, which last year completed an initial public offering on the Nasdaq stock exchange in the US, specialises in medical diagnostic equipment for diabetes sufferers. Its glucose monitoring system is designed to speed up and simplify glucose testing.

The system – built on the company's innovative biosensor technology – comprises a small disposable strip, or electrode, which requires a small drop of blood for reading, and an electronic meter about the size of a credit card. A reading of blood glucose is produced within 30 seconds, compared to the several minutes needed with other systems. People with insulin-dependent diabetes may need to monitor their blood glucose levels four times daily.

The main innovative feature is the coupling of a biological and chemical reaction on to an electronic device by a screen printing process.

The company launched its first product in 1987 and has since developed blood glucose monitoring systems based on its original biosensor technology.

Novamedix has produced a slipper with an inflatable pad, which acts on the sole of the foot to stimulate blood circulation. The pad rapidly inflates with air from a bedside control to simulate walking. The action empties the veins in the sole of the foot, pumping blood back to the heart.

The product reduces the risk of thrombosis, or blood clots. It is designed for anybody unable to walk, such as knee and hip replacement patients immobilised by surgery. Its development followed a discovery in 1983 about the nature of the flow of blood from the foot by Dr Roger Fox, a vascular surgeon, and Michael Gardner. A powerful flow is produced as the veins are compressed when the arch of the foot flattens during walking. Novamedix bought patents to the discovery in 1988 and went on to develop the A-V Impulse System.

The device accounts for most of Novamedix's sales, says Ian Brown, marketing and sales director. It is patented all over the world and on sale to health care professionals in 32 countries. Mr Brown says the company's turnover has virtually doubled since 1992.

"Deep vein thrombosis [blood clots] remains one of the biggest killers associated with hospital treatment in patients over 40 years old. Novamedix's aim has been to target this problem, giving patients a better chance of life using new technology," he says. The company is pursuing two alleged patent infringements of the product in the US, which it hopes will be decided by the end of the year.

Both Novamedix and Medisense stress the importance of investing in research and development to maintain a competitive edge.

Mr Brown, of Novamedix, believes the government could do more to encourage innovation. "It would be nice to get more incentive for R&D. There is very little from the government. We have had to do it privately and have made sacrifices. Not everyone is going to do that. We needed support when we weren't making the product – it wasn't there, although the banks were very supportive."

Steve Scott, director of development at Medisense, says investment in R&D is "essential in this market" because it is so competitive". About £25m was invested in producing the company's glucose monitoring system, which was developed with assistance from the University of Oxford and Cranfield Institute of technology.

Medisense, which has sales in more than 50 countries, launched its latest product in the Netherlands, Belgium, Austria and Scandinavia, in October last year. The company manufactures in Abingdon, with about 94 per cent made for the export market. Global sales have reached £130m a year. Mr Scott believes the glucose monitoring market is potentially worth $1.5bn a year.

The Queen's Award reflects the innovative technology used in the development of home-use blood glucose measuring devices by Medisense since 1981, the company says. "This novel technology has enabled Medisense to market the easiest, smallest and fastest blood glucose sensor for people with diabetes, freeing the diabetic patient to test almost anywhere and offering a lifestyle not dictated by their condition."

Mr Scott describes the award as an important motivating tool. "I think people ought to be thanked for what they have done. It is a great technological development." Future innovation and growth lies in the market for home diagnosis, says Mr Scott.

As the control of diseases "moves out of the doctor's surgery", testing systems need to be more efficient and simpler to use. "They have to be robust because you have little opportunity to assist these people," he says.

Both Novamedix and Medisense stress the importance of investing in R&D

Sheila Jones

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Chris Tighe on Edwin Trisk Systems

Paint curing leader

Gaining a 1995 Queen's Award for Export Achievement is the second accolade in a few weeks for Robert Kilsby, managing director of Edwin Trisk Systems. Last month he became the latest North-East Businessman of the Year.

Both awards mark his achievement in not only turning around a company which was failing to realise its potential, but establishing it within two years into a world leader in its field, exporting to more than 40 countries worldwide.

Edwin Trisk makes paint curing equipment for the automotive refinish industry. Its products slash the time needed for a resprayed vehicle section to dry, allowing body shops to greatly increase throughput.

Ninety per cent of output from Trisk's Sunderland, Tyne and Wear, plant is exported. Its top markets are the US and Japan, followed by France, the Netherlands and, in fifth place, the UK. In the year ending April 30, pretax profit will be about £1m on turnover of about £6m.

Kilsby, who joined the company in 1992, identified a need for firmer financial controls. Net profits at Trisk, which was founded in 1988, were a disappointing £50,000 in 1992, and in subsequent months losses were made.

In October 1992, Kilsby led a management buy-out, with support from 3i and Baronsmead, which continue to have stakes in the company. The sale price was not disclosed.

As chief executive, Kilsby combined imposition of strict cost controls with a new market led approach and empowerment of managers. "The managers needed to be released to do the job they were meant to do," he says.

In each country, Trisk sells its products to a selected importer

In each country, Trisk sells its products to a selected importer, which then sells them on, mostly via distributors, to body shops.

Kilsby met the main importers and discovered disenchantment over what they perceived as lack of support from Trisk in adapting the product to make it compatible with different countries' electrical systems. He tackled this problem, realising its impact on potential sales.

Cost-control was enhanced by economies of scale as more overseas markets were developed. His policy is to pay employees well and to foster loyalty as well as attention to quality. In three years, the workforce has more than doubled to 107.

Trisk estimates that it now has nearly 30 per cent of the world market in infra-red automotive paint curing equipment. In the coming year, it aims to add another 10 countries, including parts of Latin America, to its export list.

But its key 1995 goal is to launch, at October's Auto Equipe refinish industry event in Paris, a new range of non-infra red automotive curing products, currently under development.

In this way, it can capitalise on its extensive international sales network.

Three years from now, Kilsby expects turnover to be £10m. "We are looking for 33 per cent year on year growth in net profit," he adds.

"We've looked at everybody's equipment worldwide, and to be successful we've had to be better than them – I wish more companies in the UK would do that."

Trinity's examinations have reached Outer Mongolia

Trinity College

Exams board passes the test

By classification London-based Trinity College's exports are invisibles. But the overseas trade which has helped the company more than double its turnover in three years is certainly not inaudible. Trinity College is exporting the testing of English language skills.

Trinity, whose main foreign business is the examination of spoken English, is believed to be the first examinations board to have won a Queen's award.

The international examinations board of music and language skills which grew out of Trinity College of Music, the London conservatoire, three years ago now examines more than 150,000 candidates in 52 countries around the world. English-language examinations are its big growth area with the number of candidates doubling since it began functioning as a separate entity.

Latin America has become a fertile ground for language education

Two factors have contributed to the increase in the size of Trinity's international classroom – a more business-like approach to its marketing and the strengthening of the economies of many Latin American countries stimulating enthusiasm for language learning to further business development.

John Davey, a former headmaster and now chief executive of the examinations board, says: "Although the English examinations have been in existence for about 30 years they have largely lain dormant. The recent growth in their popularity has been partly due to aggressive marketing, but aggressive in the sense of pro-active. We have been travelling as much as possible and trying to become active in new areas."

Giving academia a lesson in commerciality has made for a rise in turnover from £1.8m in 1992 to approximately £4m now, of which exports account for about 50 per cent.

Spain and Spanish-speaking countries are a major part of Trinity's export trade. Spain is the flagship of its European work and there, Mr Davey says, the examination board is involved in education at all levels from young children to executives.

Trinity's clients vary from country to country, comprising early education; private schools whose pupils are looking to polish their English in order to further their career development; and corporate clients.

Spain is a good market for the whole range and Trinity does much work with multinational companies who are looking to train their executives in international business skills.

The countries of Latin America have become a fertile ground for language education as they have sought to develop their economies and foster increased trade links abroad.

One of the aces in Trinity's hand is its unique form of language examination. Its appraisals, in keeping with the examining board's musical and sound-based teaching heritage, are entirely oral.

This method has the advantages of being suitable to assess all ages easily – if a child has sufficient language knowledge he or she will be able to take an oral language examination whereas a written one may be too advanced – and of being entirely exportable.

Other examinations which are assessed by written submission can encounter difficulties with maintaining the security of the papers and answers as they are sent in and out of a country.

Trinity's assessment is carried out on a one-to-one examiner/candidate basis and is therefore as transportable a commodity as its staff.

This advantage has facilitated its entrée into a number of new markets as Trinity has been able to dispatch quickly an examiner out to meet demand as opposed to having to arrange the administration of written tests.

Trinity's staff travel relentlessly. While being UK-based, they can spend as much as nine months of the year on the road, or in the air en route to examinations.

The board's travelling credentials are its membership of the Association of British ESOL (English for Speakers of Other Languages) Examining Boards which is supported by the British Council, the organisation which represents British language-teaching abroad. Its examinations are also becoming increasingly used by industries and universities as a standard of English language ability.

As a global institution it is becoming ever more established and far-reaching in its business.

As Trinity learned of its export award, its first examiner to Outer Mongolia had just reached his destination.

Christine Buckley

Ian Hamilton Fazey looks at the fruits of a region's reconstruction

Diversity of northern winners

The way northern England's industry has reconstructed itself in two recessions over 15 years is illustrated tellingly by the spread of the Queen's exporting awards.

Yorkshire, Humberside, Cumbria, the north-east and north-west England used to be dominated by industries such as coal, steel, engineering, textiles, and shipbuilding. These have declined or disappeared.

While inward investment by foreign car companies has expanded the automotive sector, the main characteristic of the industrial base is diversity, with a myriad of often relatively small companies selling specialised products in niche – and often global – markets.

The result is that of 27 northern export award winners, no two are alike. Products range from polythene components for car batteries from Cookson Entek in Newcastle-upon-Tyne, to sandals made by K Shoes in Cumbria, to melamine edging strip from Armabord in Burnley, Lancashire, to flexible mechanical seals made by AES Engineering in Rotherham and Bradford.

Some big players are among the winners, even if only as a small division of the parent company. One such is ICI Chemical and Polymers in Widnes, Cheshire. Its Saffil business employs only 65 people. The award – the company's second – follows Saffil winning 60 per cent of the world market for high alumina fibre products.

Saffil's main property is high performance insulation. Its main market is in fibre-reinforced metal for pistons and engine blocks – it helps them run cooler and last longer – components of automotive catalytic converters and as filters to cool the exploding gases that fill car airbags in an accident.

More than 80 per cent of the Widnes output of billions of fibres now goes to the US, Japan and Europe, sold in bulk in bags or as mat or milled form. Products made from the material last year found their way into 7.5m US car airbags and 2.5m European vehicle exhaust systems.

Top of the northern export league must be Zeneca Pharmaceuticals, twice finalists in the annual awards organised by the FT Exporter, NatWest and the Institute of Export. Zeneca's Queen's Award for export is the second in successive years and the twelfth it has won overall – 10 were as ICI Pharmaceuticals.

One of the best examples of a somewhat smaller business dominating a world market niche is Crosrol, a Halifax manufacturer of textile machinery. It is the world's biggest producer of carding machines – they align textile fibres – outside China.

Crosrol's performance has been phoenix-like: it was reduced from 1,000 employees and £16m annual turnover to £5m of sales and 180 jobs in the recession of the early 1980s. But it maintained its engineering R&D and designed a new carding machine that took last year's sales to nearly £50m, more than 95 per cent exported. There are now more than 550 jobs.

Merseyside's two winners include Desurvey

Another global niche marketeer is Strix, the Isle of Man's only winner. Strix says its products are used 500m times a day around the world: they are the high precision temperature switches used to make thermostats in electric kettles and other everyday household electrical products. The award follows export sales reaching 65 per cent of production, compared with 35 per cent in 1991.

John Heaford, a mechanical and design engineer, formed J.M.Heaford in 1983, operating in the cellar of his home in Altrincham, near Manchester Airport. He developed a proofing machine for rotogravure and flexographic printing which enables printing plates to be tested and adjusted before being set up properly for big runs in the packaging industry. This saves wastage and cost.

The export award is the company's second. The first was in 1987, when turnover was about £1m a year. It is now about £5m and exports – which account for 85 per cent of the output – have doubled in the past three years. Main markets are in Europe, the Americas, and the Pacific Rim, with recent new sales in China and India.

A company which has grown throughout the recession is Claremont Fabrics of Glossop, the Derbyshire town at the foot of the Snake Pass through the Pennines, which links Manchester and Sheffield. Despite the downturn in drapery, furnishing and contract markets, it has plugged away offering high-quality, designer-led fabrics in 40 countries.

David Tucker, managing director, says annual turnover grew from £4m in 1990 to nearly £17m last year, with exports sales up from less than £500,000 to about £4m in the same period.

Merseyside's two winners include Desurvey, which also won one in 1993. The company is an engineering design consultancy selling to the offshore and petrochemical industries in Scandinavia, other parts of Europe and the Middle East.

The other is Pilkington Architectural of St Helens. Its product, a curtain walling system called Planar, allows panoramic use of glass cladding on buildings without the need for mullions or glazing bars. The award follows a £3m contract for glazing a convention centre in Baltimore.

Two household names for clothing have been recognised – J.Barbour & Sons of South Shields, Tyne and Wear and K Shoes of Kendal in Cumbria, part of the Somerset-based Clarks Shoes group. Barbour's oiled cotton coats and jackets have become de rigueuer in Germany, while K Shoes's award follows marketing success for its Springers sandals.

Sandal production in Kendal is running at 50,000 pairs a week to meet rising worldwide demand, with the US and Canada taking over half the exported output. Exports of all K Shoes has nearly doubled during 1991-94.

High technology companies are once again well represented among this year's Queen's Awards for Export Achievement.

Those winning awards range from EuroTalk, an electronic publisher, and modest-sized specialist software services companies such as Parallax Software and Cray Systems Space Division, to the UK subsidiaries of multinationals including AT&T, Hewlett-Packard, Motorola and Sony.

Among this year's award winners Psion, which won a Queens Award for Technology last year and an export award in 1990, has made its name designing, manufacturing and supplying hand-held portable computers and data communications devices.

Its exports have increased four-fold over the past three years and sales outside the UK accounted for 48 per cent of the London-based group's £61.3m turnover last year.

Continued strong sales of its Series 3a hand-held computers and peripheral devices helped Psion report record sales and pre-tax profits of £6.55m in 1994.

Last year the group's international sales increased by 50 per cent to £29.1m reflecting a particularly strong performance in continental Europe, especially in France, Switzerland, Holland, Belgium and Austria. In addition new distribution channels were established in Spain and Italy.

Meanwhile Basingstoke-based Chase Research, a leading designer and manufacturer of computer connectivity products for local and wide area networks, has won its second export award following similar success in 1992.

The company, founded in 1986, has seen its exports rise from 76 per cent of sales to 85 per cent over the past three years during which total sales grew by over 85 per cent to £10.6m.

Chase Research operates subsidiaries in Stuttgart, Germany and Nashville in

Paul Taylor on technology companies recognised for their exports

Sector produces range of winners

the US and has more than 50 distributors around the world.

Jim Mockler, managing director, said: "The only way to be and remain competitive in the networking market is to be a global player. Chase has maintained its year-on-year growth through exports."

Loughborough Sound Images, which was set up in 1983 and won a previous export award in 1991, designs and manufacturers electronic sub-assemblies for computers.

The company's exports, which go to markets in all western industrialised countries and to North America through a distribution and licence agreement with a Canadian company, have more than doubled in the past three years. Growth markets in recent years have included Australia, Israel, Japan and Korea.

More down to earth, Fulham-based EuroTalk, a small electronic publisher which started trading in 1990, produces a range of language learning CD Roms which are designed to entertain as well as instruct. Most feature cartoon characters and 70 per cent are for learning English.

Export earnings have more than trebled over the past three years and nearly 90 per cent of the company's output is exported to 29 countries worldwide. The group's biggest overseas markets are Japan, France, Germany and Italy.

Parallax Software, based in Soho, London's film centre, was established five years ago and sells computer graphics software for use in motion picture film and television special effects and computer animation productions.

Its main markets are in the US, continental Europe, Japan, Canada, Switzerland and Australia. Two years ago it established a subsidiary in the US with offices in New York and Los Angeles and its software has been used in over 50 Hollywood films in the last three years including Jurassic park, Schindler's List and Forrest Gump.

Although AT&T is known as a US-based telecommunications leader, AT&T Global Information Solutions (Scotland) designs and manufacturers automatic teller machines and other self service terminals. The company, which has won previous export awards under earlier ownership, has seen its exports more than double in the past three years. Exports go to more than 100 countries including markets in North, Central and South America, Europe, the Far East, Africa and the Indian sub-continent.

Hewlett-Packard, another US multinational, set up its operations in the UK in 1961 and employs 5,000 permanent staff. Last year the company posted pre-tax profits of £66.8m on turnover of £1.31bn including exports of £445m, up from £216m three years earlier.

Among the main contributors to export growth have been high-speed opto-electronic components from Ipswich, part of HP's Fiber Optic Components Operation, information storage products from the Computer Peripherals operations in Bristol and electronic products from the group's South Queensferry-based Scottish divisions.

Scotland also played a part in the Motorola group's two export awards this year. Reflecting sustained growth in worldwide sales and its leadership in the cellular telephone industry, Motorola European Cellular Subscriber Division's manufacturing facility at Easter Inch, West Lothian won one award while the European Cellular Infrastructure Division's Swindon plant won the other.

Sony Manufacturing Company, which is based in Mid-Glamorgan and manufactures colour televisions, graphic display monitors and associated components, gained its fourth export award. The company, part of the Japanese electronics and entertainment group, has been trading in the UK since 1973 and had won earlier awards in 1980, 1987 and 1990.

On a much smaller scale SEOS Displays which was established 11 years ago, designs and manufacturers visual display units for research and training simulators. The company, which is based in Burgess Hill, West Sussex, has increased its exports three-fold in the past three years.

Exports go to the US, Japan, Australasia, Europe, the Pacific Rim and Asia. The company claims that product quality and reliability, competitive pricing and careful market research are among the factors which have contributed to its successful export performance.

Cray Systems Space Division

Maintaining growth

Cray Systems Space Division, a subsidiary of British electronics company Cray Group, designs software for the space industry. Its client list includes major operators such as the European Space Agency but in comparison with most of its rivals, this £8m operation is tiny. And in a market that is experiencing a general downturn in growth, Cray has almost doubled its space revenues, a growth pattern which it is confident of maintaining for the next three years.

Cray specialises in software systems for the control and monitoring of satellites. It also makes simulators to train the people who operate the control systems, and it makes software for planning satellite systems - increasingly important given that today's satellites can be sent thousands of different commands.

The company's revenue - of which more than 95 per cent is from export contracts - has risen from £4.34m to £8.018m in the three years from 1991-1994, an increase of 85 per cent. During the same period, the European space industry as a whole experienced a decrease in revenues of 4 per cent. Cray's clients include satellite operators in Holland, Italy, Germany, Spain and Portugal.

A future direction for the company is in satellite remote sensing, also known as satellite image processing. Its first win in this field was a £4.5m contract with the Western European Union (WEU) for a remote sensing system in the WEU's satellite centre near Madrid.

Cray was the prime contractor, working with a number of European partners.

Recently, Cray set up the Dundee Centre for Coastal Zone Research in collaboration with Dundee University. The centre will investigate the use of satellite remote sensing for environmental issues such as water quality, coastal zone erosion, shipping and fish shoal movement monitoring, and flood forecasting.

Satellite remote sensing is a growth area, with environmental issues especially driving it. Today, the European market is estimated to be worth between 100-200m Ecu. By the next century, it is projected to increase to a value of several billion Ecu. But it is also being targeted by the large, established players in the space industry, such as Matra Marconi, and Daimler Benz.

Managing director Bill Black believes that Cray will win contracts against such competition, because it is more responsive to their customers' needs: "The advantage of a smaller company is that it can be more flexible."

Biological Crop Protection

Predators fight the pests

When God smote the Egyptians with a plague of locusts, they could have used the services of Biological Crop Protection. The Kent-based company, which has won a Queen's Award for export, breeds and sells beneficial insects for the control of plant pests.

Its 10 greenhouse products - known as biological control agents - are used by professional horticulturists and gardeners as an alternative to chemical pesticides. Each week, 35 employees breed, harvest and package millions of beneficial insects in two acres of glass houses in Wye.

It is estimated that more than 90 per cent of the tomatoes, cucumbers and sweet peppers grown commercially in the UK are now protected by such natural predators. Several UK supermarkets, including J. Sainsbury, Tesco and Marks and Spencer, are asking their agricultural suppliers to use these products to protect their crops.

Pests have become increasingly resistant to chemical insecticides

Since 1988, the company has been exporting its specially packaged insects and parasites to northern Europe, Poland and the US. More than 70 per cent of the insects are sold outside the UK.

The company, which currently makes sales of about £2m, was founded in 1987 by Phil Walker, a horticultural control specialist, Dr John Dale, an entymologist, and Robin Penna, a plant pathologist.

The first insects they cultivated were *encarsia formosa*, a parasite which feeds off the greenhouse white fly, and *phytoseiulus*, a predator of the red spider mite. Since then the company has also discovered the natural enemies of leaf miners, thrips and aphids.

The market for BCP's products has grown as pests become increasingly resistant to chemical insecticides.

To cultivate the insects, the company first breeds the pests. Once the pests reach a critical mass, the predators are introduced and allowed to breed.

After the predators are bred, BCP packages them in special tubes which are shipped to the customers. In some cases, the farmer must sprinkle the insects on the plants, and in other cases the customer receives a card on where parasites nest. When the parasites emerge, they lay eggs which destroy the offending bugs.

Mr Jupe said that timing was important. "The basic rule is that you need to apply them when the pest levels are initially very low because it is really a numbers game. If you leave it too late it is not economic to put in the amount of predators you would need to manage the pests."

He said the difficulty for the farmer lay in identifying the pests when they were still in small numbers and applying the predators to the right plant.

The company's latest discovery for dealing with red spider mites will help alleviate this problem. The *therodiplisos*, a flying midge which eats red spider mites, will identify the pest for the farmer.

BCP is the UK market leader in natural pest predator production. Its European competitors are Koppert, a Dutch company, and Ciba, the chemicals group.

Mr Jupe said all three companies were looking for the natural enemy of the tobacco white fly, which is different from the greenhouse white fly which BCP is already able to combat.

The company says it would also like to find insects which can protect ornamental crops, such as flowers, and field crops. Mr Jupe says that the complication with field crops is that many more variables exist in fields than in an enclosed greenhouse.

"With a protected environment you have temperature and humidity control and glass boundaries. But once you get out into the field, you have to deal with the weather and the problem of the predators escaping elsewhere," he said.

As far as expanding overseas goes, the company says it wants to introduce its products in Spain, where there is a high dependency on chemical pesticides. "We have a lot of work to do to persuade them that biological control agents work," he says. "But if we can get into Spain we are talking about a very large market."

Motoko Rich

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THE QUEEN'S AWARDS FOR INDUSTRY 1995

Gossard's exports of its Ultrabra

Prize for taking the plunge

At the fashion end of the bra market cleavage remains "in". Glamorous, feminine styling has rebuffed the challenge of grunge – with its accent on the scruffy – and strengthened the position of Gossard, a leading plunge bra maker.

The success of the company's Ultrabra, launched in January last year and promoted as "the ultimate cleavage", has played a big part in winning the award. Gossard, based in Leighton Buzzard and with about 1,500 employees, exports half its turnover and increased its sales abroad by 115 per cent in 1994-95.

It helped increase pre-tax profits at its parent company, Courtaulds Textiles, the UK's largest underwear producer, by 22 per cent to £47.3m in 1994.

Although by no means its only product, Ultrabra is Gossard's principal weapon in the bra wars between companies scrapping over a £417m market in the UK. Last year 45m bras were sold in Britain. Women increasingly buy different-shaped bras according to the dress occasion and have more bras in their wardrobe than they used to.

Gossard's products, says Laura Cannon, the company's marketing director, occupy the niche of "very accessible fashion brand" – the cotton Ultrabra retails at £17.99. In the UK brand name market Gossard is pitted against Charnos, another British company, Triumph of Germany and Warners of the US. The Ultrabra's direct plunge bra competitor is the Wonderbra, the licence for which is held by Playtex, a division of the US cakes-to-corsets group, Sara Lee.

For 25 years until the end of 1993 the licence was held by Gossard. "When we lost Wonderbra we could have lost 40 per cent of turnover," says Ms Cannon. "But Ultrabra overnight replaced it and since then has more than made up for it."

Gossard's success in 50 countries overseas has been the result of a concerted export-driven marketing policy, with an eye especially to the main European markets of Italy, Germany and France where the challenge has been correctly to anticipate fashion trends. In 1993 Gossard set up sales arms in Italy and France, alongside one already in place in Germany so it could control the market through advertising, public relations and its own sales force. "France, Germany and Italy didn't use to care about cleavage," says Ms Cannon. "Its success wasn't God-given, we made it happen."

Ultrabra is Gossard's principal weapon in the bra wars

The clue, she says, was that in these markets Gossard was able to sell its products at prices below that of competitors. This is by virtue of its cost-efficient manufacturing base in the UK where brand names hold only 35 per cent of a tough market dominated by retail own-label. In Italy and France customers will pay higher prices for brand names which make up 90 per cent of sales. This gives Gossard plenty of scope but success depends on a sophisticated understanding of fashion trends.

Ms Cannon says Gossard, which set up in 1922 making parachutes and rubber dinghies for the RAF in the second world war, has always faced up to a challenge. It survived the arrival of tights, switching from corsets to bras, and met the demand for more generous fittings as women became fuller in the bosom.

She is convinced that the accent will remain on glamour and cleavage. "Cleavage came in after a period of power-dressing and women trying to act like men. Cleavage transforms how they feel. It gives them confidence in their womanliness and is a signal to go out and have fun."

John Simkins

Diane Summers finds British fashions are popular abroad

From classics to the offbeat

Few garments are more quintessentially British than the Barbour waxed jacket. Beloved gear of the hunting, shooting and fishing set, the jacket is often sported by British office workers who like to imagine they are battling through the undergrowth, not the Underground.

It is surprising to discover, therefore, that nearly two-thirds of J Barbour & Sons' £62m sales in 1994 were overseas. The South Shields-based company exports to 35 countries, with sales particularly strong in Europe and the US; a recent development has been the appointment of a leading distributor in Japan.

Barbour is just one of several British clothing companies to win a Queen's Award for Export Achievement this year – in Barbour's case it is the company's third award in five years. The list also includes: Paul Smith, designers, wholesalers and retailers of clothing, in particular for men; Peter Geeson of England, the knitwear manufacturer; Dents, the glove company; and Haven Country Classics clothing.

The latter inhabits the same waxed, outdoor niche as Barbour. Haven's particular expertise is in a line of wide-brimmed waxed cotton hats which started life in 1988 as prototypes manufactured in a garage. From £250 initial capital and a turnover in its first year of £103,000, the Lincolnshire-based company is expecting a turnover this year of £6.2m, 80 per cent of which will be export sales.

Distributors have been appointed in France, Spain and Portugal and sales improved in Italy. Export sales have been developed in Japan, South Korea and Taiwan, as well as in eastern Europe, and the sales team is now targeting new markets in South America and China.

On a rather larger scale, and a long way from the waxed practicalities of country gear, the Paul Smith clothing company finds itself a recipient of a Queen's Award for the first time. The company, which is particularly known for its men's clothing, describes its designs as relying on a "simplicity of style, characterised by wit and humour. Styles are essentially practical but provide excitement in offbeat fabrics and colours."

Barbour is just one of several British clothing companies to win an award

Annual worldwide turnover is £85m, with exports now making up half of total sales. Main markets are in Europe, North America and Japan. The strong emphasis on simple design has led to particular success in Japan, where a manufacturing licensing agreement with a local company has given Paul Smith access to 147 retail outlets.

Peter Geeson of England eschews fashion in its specialised knitwear, preferring to produce enduring classic lines for this high-quality niche market. The company's specialisation is very lightweight knitwear using precious fibres such as silk and cashmere.

Peter Geeson, managing director, says the company, formed five years ago, has capitalised on the trend towards lighter clothing which has developed because of increased heating in offices, homes and cars. The luxury garments start in price at about £45 and go up to about £270.

As much as 85 per cent of the company's £2.5m turnover can be attributed either directly or indirectly to export business in over 25 countries. Customers include Harrods, Burberrys, and Selfridges in the UK; Barneys, and Bergdorf Goodman in the US; and Isetan and Mitsukoshi in Japan.

In a similar luxury market, Dents Manufacturing, the glove makers, hopes soon that 100 per cent of its sales will be overseas, where, says John Roberts, managing director, customers show greater willingness to pay for quality and service. The gloves the company produces are not the kind you pop in to buy when the weather takes a turn for the worse, says Mr Roberts, but are high-quality fashion accessories.

The Wiltshire based company has been a model of adaptability. A dictionary of etiquette, published at the end of the nineteenth century, stipulated that "gloves should be worn by a lady when out walking or driving, at tea dances, balls, dinner parties, the opera or theatre. Men should wear gloves in the street, or at a ball, when paying a call, driving, riding and in church."

When etiquette no longer dictated the everyday wearing of gloves, Dents developed its military business; then, with the end of the Cold War, it has had to make the change from producing gloves for the Ministry of Defence to exporting fine leather and knitted dress and sports gloves.

Jenny Luesby asks why an important sector has so few stars

Only four for chemicals

The chemical industry has been at the forefront of the export race in recent years. Its overseas sales have grown more rapidly than those of nearly every other sector. Its trade surplus more than doubled between 1989 and 1993. And it has repeatedly outperformed the chemical industries of other European countries.

Yet the industry's impressive overseas sales would seem to be built on few exceptional achievements – to judge by the number of awards for chemical exporters.

Excluding the pharmaceuticals sector, and a single supplier of chemical intermediates for pharmaceuticals, the industry won just four of the 140 export awards. But each of these captured an aspect of the changes driving the industry's growth.

Two of the awards went to business units within large UK chemical groups – which have restructured themselves as alliances of autonomous business units. Their switch away from centralised administrations has been motivated by the desire to direct more resources into products that have a natural market lead, and the belief that greater local involvement will see businesses driven harder.

The awards for ICI's Saffil business and the Alpha Flock division of British Vita suggest that this formula is working.

Saffil has a pronounced market position, producing a fibre which has few competitors. Formed in solution, to give it a 97 per cent alumina content, it is exceptionally heat resistant.

ICI first started producing the fibre 20 years ago, as a high-temperature insulation material in the wake of the first energy crisis. But it has been the development of new applications, in cars, that have seen export sales double since 1992, to reach 8m last year.

The fastest sales growth has been for filters in car airbags, mainly in the US, but also in Japan and Europe. When an airbag goes off, an electric charge ignites sodium azide, which acts as a propellent, at around 2,000 degrees, for the nitrogen that fills the bag. The filter is needed to collect the sodium and cool down the gas.

This application, alone, is set to generate plenty of future growth, says Derek Whitney, Saffil's business manager. "There will be more airbags, at the side, the rear, and even on the front of cars, to soften the impact if they run someone over. The next step will be to put them in trains and buses."

Elsewhere in the car, the arrival of the catalytic converter has generated new demand for high-temperature insulation, as has the trend towards more compact engines, as a way of achieving greater efficiency and reduced emissions.

For British Vita, local commitment to expanding the business has brought a near doubling of export sales between 1991 and 1994, to £5m.

Alpha Flock makes fibres that can be applied to textiles or plastics. Made from nylon, polyester and viscose, they are precision cut to exact lengths and then electrostatically charged so that they can be applied to a base.

Known as flock, they are widely used on flocked wallpaper, as motifs on T-shirts, and to form raised patterns on furnishing fabrics and perfume boxes. They are also used to reinforce textiles that suffer heavy wear. Typical, says Rod Sellers, British Vita's chief executive, are the fibres that edge the sun roofs in cars.

Based in South Wales, Alpha Flock employs 80 people and has enjoyed steady if unremarkable growth for years.

The secret of its recent take-off in exports, has been "a very active export sales manager and one or two good agents", who have managed to communicate the merits of quite a technical product, says Mr Sellers.

The third winner is the UK subsidiary of Ciba, the Swiss chemicals and pharmaceuticals group. It produces between 60 and 100 intermediate ingredients, such as the bacteria stoppers in mouth washes and toothpastes, for use in cosmetics, crop protection and pharmaceuticals.

Its sales stood at £74.5m last year, over 95 per cent of which were exports. Nearly all of its sales are to its parent company, and its growth has been steady rather than spectacular, driven by Ciba's overall strength.

But it is the fourth of the winners which typifies the small and medium-sized businesses that industry analysts point to as the really astonishing achievers of recent years.

Lyson makes inks and adhesives for ink jet printers. Set up by chemists, in 1989, it has never borrowed money, relying instead on the directors' own resources for funding. In its first year, its turnover was £100,000. Last year, its exports topped £1m, and represented two-thirds of its sales.

The key to Lyson's success, says O.P. Hassell, its chairman, lies in its mix of technical expertise and business drive. "Our technical skill lies in the hundreds of formulas needed to make inks that both work well in the inkjet, and then adhere and dry on a whole range of materials - from proof prints to the bottom of beer cans," he says.

On the sales side, Lyson has managed to secure exclusive supply arrangements with the makers of many of the hundreds of types of ink-jet equipment. And where it has not, it "attacks the after-market through local distributors", says Mr Hassell.

"With 35 employees, we are small enough for everyone to make a visible contribution," says Mr Hassell. And with a high value added product that needs to meet strict safety and packaging standards but is rarely bulky, Lyson's is an "ideal international business", he says.

But it remains a conundrum that there were just four awards in the sector. Chemicals account for 14 per cent of the UK's exports. In speciality chemicals, it is common for companies to sell more than 70 per cent of their products overseas, and recent years have seen a remarkable take-off in new products, and in the imaginative marketing of old but exclusive ones.

"These awards are not a reflection of the strong increase which we have seen in chemical exports," says David Culpen, a director of the Chemical Industries Association.

"Chemical exports have grown very strongly and some of the most interesting success stories have been among smaller and medium-sized companies. It would have been nice to have seen a few more awards for some of these companies, so that their achievement could be recognised."

The Financial Times congratulates the winners of the 1995 Queen's Awards for Export, Technology and Environmental Achievement.

MANAGEMENT

Andrew Baxter on what one company's expansion plans reveal about British and German attitudes to investment

Looking for the right mix

Rainer Herold likes to tease visitors to Buxtehude, near Hamburg, about how surprised he was to hear English spoken at Claudius Peters, the venerable German cement plant contractor which he joined in 1986.

"It all happened in such a rush, I thought I was going to run part of Deutsche Babcock," says the former Siemens executive with a twinkle in his eye. In fact, Claudius Peters had been part of the unrelated Babcock International of the UK since 1974.

It would, perhaps, have been understandable if Herold really had thought he was joining a German-owned company. Claudius Peters was, after all, one of the few German engineering businesses to be UK-owned.

Since then, virtually everything has changed for Herold, Claudius Peters, and its UK parent company. Babcock International was taken over in 1987 by FKI Electricals, only to be resurrected two years later in a demerger.

Claudius Peters has become part of a new global division, Babcock Materials Handling (BMH), which has been built around it over the past two years and is targeted at playing an important role in Babcock International's future development.

The story of the changes turns some of the common perceptions about differences between UK and German attitudes to investment on their head.

Having been kept on a very tight leash financially in the FKI Babcock era, the materials handling business has now been given the time to develop a long-term strategy. Both the UK parent and the German subsidiary are putting long-term business building ahead of traditional Anglo-Saxon short-termism.

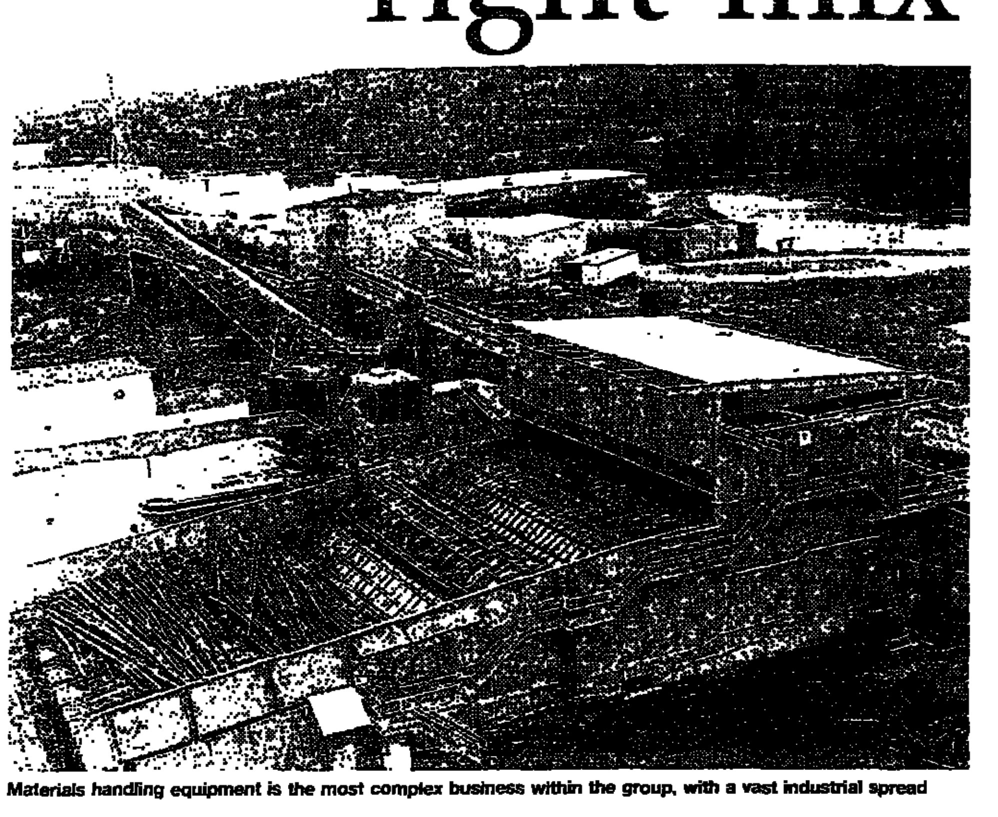
Selling materials handling equipment for cement plants, ports, power stations and elsewhere is one of those worthy, low-profile engineering businesses that seldom quickens the pulse. The biggest contracts are worth only about DM30m (£14m) so rarely reach the headlines.

Yet, says John Parker, Babcock's chairman, materials handling is the most complex business within the group, because of its vast industrial and geographic spread. It is hard to get all parts of the division performing well simultaneously.

"Margins are changing all the time," he says. "At the moment, they are under pressure in cement, are recovering on the wood side, and are fairly strong in marine."

Also, each country's need for cement plants, pulp and paper plants and steel works follows different patterns as they develop towards industrialisation. And there is an almost bewildering variety of processes to handle materials of all sorts. The test centre at Buxtehude, for example, has a database of 12,000 different materials.

From this unpromising mix, Parker and Herold, BMH's managing director, are convinced that a growth business can be built, so long as it is correctly structured.



Materials handling equipment is the most complex business within the group, with a vast industrial spread

Claudius Peters had been losing money for 15 years when Herold became managing director and company doctor. His immediate priority was to return it to the black, achieved by closing the head office at Hamburg in 1988, sacking 250 people, and moving the headquarters to the Claudius Peters factory at Buxtehude. "The question then was how should we grow," says Herold.

Having won approval in 1989 from the newly independent UK parent to check acquisitions, he started negotiating with Consilium of Sweden, which was eventually acquired in 1992. This expanded Babcock's materials handling range, and also took it into wood processing equipment.

Meanwhile Herold and his colleagues, including technical director Klaus Stange, had taken part in market research, which predicted a big decline in European and near Asian business, and an offsetting rise in the far east, including China. As further "bolt-on" acquisitions were made, Herold concluded in 1993 that it was time for a fresh start.

Over the past two years, a collection of small to medium-sized component equipment suppliers have been turned into a multinational supplier of complete material handling systems, backed up by cost-cutting and leadership in core technologies. Its slogan "global competence, local presence" means there is both proximity to customers and the ability to handle any type of inquiry anywhere.

By trading as BMH, the aim is to "leverage" the skills of formerly industry-specific companies across a wider base, and create a vehicle in which acquisitions can be integrated. For example, Consilium's wood expertise could be used for handling biomass – wood developed specially for burning as fuel – in power stations, says Stange.

The local presence is important to counter domestic competitors, but also to take on some of the engineering work and handle procurement of equipment such as steel fabrication, which customers increasingly want sourced domestically.

This trend has had big implications for BMH's manufacturing strategy. In the yard at Buxtehude are castings from Turkey, underlining a significant shift in recent years to sourcing from cheaper locations. The division manufactures only 16 per cent of its turnover, compared with 20 per cent two years ago, and the target is 10 per cent by 1995-96.

The workforce accepts the need for change and knows there is more to come

It is easy to set out a strategy such as BMH's, says Herold, but not so easy to manage it. Some 200 jobs have been cut since 1993, and 60 new jobs added. The German manufacturing workforce accepted the need for change, and knows there is more to come. But some staff were unwilling to accept the need for reducing employment in Buxtehude and building it up in east Asia. Several staff have moved location, and many more have changed job description.

The creation of BMH began a few months before Parker joined Babcock in the autumn of 1993, but gets his strong backing because of the need for a long-term approach if the division is to succeed, especially in Asia.

Initiatives such as the opening of sales and engineering offices in Beijing and Singapore last year have had an impact on profits in the short term, but are seen as a vital investment for future growth.

However, the UK parent company's patience is not infinite. With most of the ingredients in place for long-term development of the business, Parker says he will be pushing for higher margins from BMH in the future.

Margins in materials handling are always tight, and an operating margin of 10 per cent (operating profit as a percentage of sales) could be difficult to achieve. But City forecasts suggest it will make steady progress increasing the margin from just 3.5 per cent in the first half of the current year to 7-8 per cent by 1997.

Heart attack alert

Carol Cooper reports on a portable detection system

HEALTH CHECK

Every year around 300,000 people in the UK suffer a heart attack (myocardial infarct), of whom more than 160,000 will die. International comparisons are discouraging. Death rates are much lower in Japan, France and many other countries.

It is now known that thrombolytic drugs like anistreplase (also called "clotbusters") can reduce mortality if given within 90 minutes or so from the onset of a myocardial infarct, but therein lies a problem. The average Briton with symptoms of a heart attack waits three and a half hours before seeking medical help and some, notably women, delay much longer, usually because they are unsure of the significance of their chest pain. Around 25 per cent die before reaching hospital.

With this in mind, Cardiac Alert has set up a new service. An annual subscription of £500 gives those at risk the benefit of a battery-powered unit which can take an electrocardiogram (ECG) at any time and transmit it down a telephone line for instant interpretation by a cardiologist.

When patients enrol with Cardiac Alert, they have a consultation with a cardiologist, along with a baseline ECG which is used for comparison purposes. The patient's GP is also contacted for medical details.

Since the ECG unit is portable, it can be taken to work, and allows the subscriber unlimited use of the service. Any symptoms can be interpreted in the light of an ECG taken at the time. If the ECG is abnormal, the patient can be directed speedily to their GP or to hospital.

This is probably the most important function of Cardiac Alert. Similar services in the US, Israel and elsewhere have proven their worth in cutting delays in getting treatment. In Israel, for example, the average delay was reduced from hours to just 44 minutes, which is well within the optimum time for thrombolytic drugs.

Typical symptoms of a heart attack are severe crushing pains in the middle of the chest (often radiating into the left arm or into the jaw) along with sweating and shortness of breath. However, many have nondescript chest pain reminiscent of indigestion.

One might expect an instant-ECG service to help with vague symptoms, thereby avoiding unnecessary consultations, and enabling many to lead a more normal life, but this is far from certain. Some doctors believe over-reliance on this technology could increase neurotic tendencies, which a few cardiac patients already have in abundance.

There is another more serious objection. Cardiac Alert claims that patients can be speedily reassured if their ECG is normal. However, a normal ECG can mislead. ECG changes may take several hours to develop after myocardial infarction, and in around 5 per cent of patients there are no changes at all. A normal ECG does not, therefore, rule out a heart attack.

There is a partial solution to this dilemma. Although it is not the function of Cardiac Alert to provide telephone consultations, it points out that subscribers can speak to a nurse or doctor when sending in their ECG readings, and staff would advise anyone with highly suspicious symptoms to seek medical help even in the presence of a normal ECG.

The service cannot offer much for the 10 per cent or so of people who have a silent myocardial infarct with no chest symptoms whatsoever.

Cardiac Alert is not a DIY service. It works with the subscriber's GP and can make abnormal tracings available to the hospital as well. Some family doctors have subscribed to it using portable ECG equipment to send readings for urgent interpretation. Although many GPs use their own ECG machines and fax the tracings to hospital, using an ordinary telephone has advantages on house calls.

Used wisely, the service could be an important part of the armamentarium in the fight against cardiac deaths. It would nonetheless be naive to believe in the infallibility of any medical test, especially the ECG.

Cardiac Alert is at 99 Kings Road, London SW3 4PA. Tel 0171 352 8585.

The author is a London general practitioner.

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ARTS

A free spirit in harmony

Andrew Clark talks to Yo-Yo Ma

Baroque to bluegrass, Elgar to electronics – few of the world's outstanding musicians have explored such a wide variety of styles as Yo-Yo Ma, the Chinese American cellist. Others may have emulated him in private, but it is a rare spirit who dares to experiment in public. Ma promises to do just that over the coming month in Britain.

He starts in traditional mode next Monday and Tuesday when he takes part in Manchester's Fauré festival and gives a BBC masterclass. The full diversity of his repertoire is reserved for a week of concerts at London's Barbican Centre starting on May 10. These include a marathon recital of Bach's cello suites, a new concerto by American composer Leon Kirchner, an evening of bluegrass with musicians from Nashville, and an exploration of modern and historical playing styles with the London Classical Players. On top of all that come the Elgar concerto and a childrens's concert.

Too many performers of Ma's stature are content to coast to popularity in safe, standard repertoire, rather than challenging listeners and themselves with something unfamiliar. Ma has shown himself to be totally open to experiment, without lapsing into gimmickry or losing the respect of colleagues. His adventures have included masterclasses in China, concerts with Stephane Grappelli and the world premiere of a Tod Machover electronic work. But his most celebrated exploit was to spend time with Africa's !Kung bushmen in the Kalahari Desert in 1991, studying their language (spoken with clicks of the tongue) and learning how they make music. A documentary film about the project was screened on Channel 4 last year.

It is all part of what Ma calls being a "full-service retail musician". He says the Kalahari taught him that there was a time when performers, composers and improvisers were all one person. "I'm not trying to become a jazz musician or anything else – I just want to be able to hear harmonies, scales and time-periods better, and to be free enough to do something with it. I'd love to have the skills of a musician of 300 years ago – where if you gave me a bass line, I would give you a tune. So if I can actually do a bit of improvisation, it helps me to understand Bach chorales better. These are skills a classical musician should have, in the same way that a jazz musician would be better equipped if he or she were able to read music."

Long before he began experimenting in public, Ma was renowned for his free spirit in performance – a spirit based on an impeccable technique, playing with complete abandon but without abandoning anything at all. Ma describes his approach as "a disciplined kind of spontaneity". His recent adventures have encouraged him to take this approach a step further in the classical repertoire: he has started improvising the cadenzas in concertos by Haydn, Boccherini and other pre-Romantic composers – a challenge that would have most instrumental virtuosi running for the stage door.

"It is only in the last couple of years that I've had the courage to say I'm not going to decide in advance what I'm going to do. It's nice to have the freedom to say OK, I'm going to listen for this rhythm, or for this inner voice, or for the bass line – and even if it's only for ten measures, let's see what happens. Yes, it may be advisable to warn colleagues beforehand, but you can also play jokes, put in a few titbits so that it becomes a lively situation. Not for the sake of doing it, but because it's an organic part of music-making."

Ma says his ability to feel at ease with variety stems from his hybrid cultural background. He was born in France and raised in the US in a traditional Chinese family. He started playing the cello at the age of four, and gave his first recital in Paris a year later. He studied with Pablo Casals, and later went to Harvard. Now aged 39, he lives with his wife and two children in a Boston suburb. He seems unspoiled by the trappings of success: his sunny charm is evident on and off the platform. He plays the 1712 Davidoff Stradivarius with which Jacqueline du Pré made her famous Elgar recording.

Recalling his unusual childhood, he says it was confusing to discover that every culture had a different set of values. "How do you make all those values come together into one way of looking at things? Is one way better than the other? It took me a long time to make all these things work in harmony. But in some ways it was a good preparation for a musician, because you have to be the advocate for so many pieces from different places and periods."

But how *does* he get inside each piece and make it so powerfully his own? He describes his approach as a form of code-breaking. "A piece of music is coded material, a reflection of life-observations, something that gets to a very primal part of us. You have got to break the code, understand it and give it to someone else, so that it goes on living. Why did someone write it? Why should I care about it?

"You have to dig deep to get to these points. The world never *needs* another musician – you have to create a place for yourself by touching someone whenever you play, so that they will want to hear more of what you do. That's essentially your only job – to communicate something that another person can identify with, remember and tell other people about."

A musician at ease with variety: the cellist Yo-Yo Ma, in Manchester next week and the Barbican in May

Lovers on the Fringe

While Romeo and Juliet take another turn around the boards in Stratford, in London two small but sparkling productions dwell on lovers who are not so much star-crossed as just cross. Beatrice and Benedick cross swords in Hysterica Passio's production of *Much Ado About Nothing* at the tiny Southwark Playhouse, while Eugenia and Fulgenzio slug it out in The Gate's production of Goldoni's *The Lovers*.

James Menzies-Kitchin, directing Hysterica Passio's debut production, uses the intimate, traverse stage of Southwark Playhouse to good effect in his *Much Ado*: his staging is fast, fluent and feverish, the constant movement emphasising the reckless feel to the play. What the production catches so well is the ludicrous haste with which liaisons are made and broken in the play, and the terrifying way people change their minds – from hate to love, from love to hate, from trust to suspicion and back, in an instant.

While the prince's bastard brother sets the deception in motion, it is all too clear here that the explosions are waiting to happen. The underlying tension between the sexes is brought to a head when Claudio (a moody Sean Kempton) renounces Hero on their wedding day – here the men flounce out while the women draw together to cradle the devastated maiden.

The production is also well paced – the change of gear from the ghastly wedding showdown to the intimacy and sincerity of Beatrice and Benedick's confession of love is skilfully handled – and it is crowned by fine performances from the leading couple. Emily Best makes a fiery, intelligent, mischievous Beatrice and Will Keen a crisp, funny Benedick. The comic sub-plot is delightfully handled, with the inept constable and company played as a sort of crazed neighbourhood watch of handbag-waving housewives led by a wonderfully funny Sophie Bevan as Dogberry.

If Beatrice and Benedick's skirmishes are the verbal equivalent of arm-wrestling, those of Eugenia and Fulgenzio in *The Lovers* are closer to a heavyweight championship fight. Here is a couple that has turned the lovers' tiff into a way of life. Within seconds of their meeting, honeyed words always turn to venom. So when Eugenia discovers that her man is playing host to a woman, we can expect a brawl of spectacular proportions.

Goldoni's comedy attacks social pretensions and romantic convention but it is a less sophisticated play than Shakespeare's, and the danger with the squabbling lovers is that they not only frustrate everyone on stage, but also become extremely tiresome for the audience. Roxana Silbert's witty production makes a virtue of this: her frenzied staging has a brittle cartoon quality so that when the lovers embark on yet another fight, the rest of the cast express everyone's rage by simply falling on the floor in despair.

The production rattles along at a breathless pace and the characters literally bounce in and out of the action by way of two tiny trampolines on either side of the stage. The whole thing (translated by Laurence Boswell) is delightfully daft, fresh and fast, and the two lovers, Nicola Walker's petulant Eugenia and David Sant's moustachioed Fulgenzio, are enjoyably awful. There is a price to be paid for this effervescent style – it irons out any subtleties that might reside in the text and it also encourages upstaging. But it is very enjoyable.

Sarah Hemming

Much Ado About Nothing runs to April 22 at Southwark Playhouse (0171-620-3494); *The Lovers* runs to April 29 at The Gate Theatre (0171-229-0706).

Mehta to go to Munich

Zubin Mehta has been appointed music director of the Bavarian State Opera on a five-year contract starting in 1998. The state government has also extended Peter Jonas's contract as intendant until 2003. The controversial ex-director of English National Opera joined the Munich company two years ago with a mandate to modernise its productions and public relations.

Jonathan Cake's *Stephen Guest* with Helen Schlesinger as Maggie '*C*'

Theatre/**Alastair Macaulay**

The Mill on the Floss

The best new plays of today, it sometimes seems, were written in the last century – as novels. Yes, we are living in an exceptional age of adaptation. The Brontës, Dickens, Tolstoy, Dostoyevsky ... No matter how wide the canvas painted by the original novelist, the adaptors and directors of today are ready to take it on.

Naturally, the novel will be altered as it takes to the stage; and sometimes these alterations will be exceptionally revealing. Such a case is the Shared Experience award-winning staging of George Eliot's *The Mill on the Floss*, new last year and now re-surfacing – half re-cast – for a major tour. It fiercely maintains the narrative impetus of the story, but at the same time it forces latent levels of meaning to the surface – and obliges us to re-think and re-value central aspects of this dear old novel.

What becomes the core of *The Mill on the Floss* here is repression. In Helen Edmundson's adaptation and Nancy Meckler's and Polly Teale's staging, Maggie Tulliver, as she grows up, (a) is as rebellious a child as the young Jane Eyre (and as attached to the river Floss as Cathy and Heathcliff to the moors), (b) chokes her restless spirit and austerely learns the virtues of resignation more zealously than the heroines of *Persuasion* or *Villette*, and (c) is overwhelmed by sexual love more hopelessly than Emily in *David Copperfield*.

The masterstroke of the production is that Maggies A, B, and C are played by separate actresses, and that Maggies A and B keep on appearing as vital, but conflicting, impulses in the life of Maggie C. No, this use of alter egos is not new – back in the 1940s and '50s, Martha Graham was applying it heroically in her dance dramas about Emily Dickinson, Joan of Arc and others - but seldom on the British stage has it ever had this force.

Long before a second Maggie has appeared, however, this production has gripped us; and the grip, a tight and angry one, never relaxes for a minute. The story begins with the childish Maggie's tormented vision of a drowned witch, and this vision recurs until, at the tragic climax, Maggie has become that drowned witch. A drowned witch: perfect metaphor for Maggie's conflicting sense of a woman's irrepressible anti-social impulse and the punitive social forces that will repress it. The drowning that is the novel's climax has often been felt to be its failure – a narrative cop-out – but Edmundson, illuminatingly, has turned it into its true resolution.

The unrelenting rage of this production has its drawbacks. It is deliberately overwrought, so that Maggie A is often too manic and so that Maggie B's resignation is striking but not involving. Everyone in the cast of eight plays two or three roles apiece, and a few of the small roles are overdone. Some of the extensive physical gestures are crude, and some repetitious. (The way Maggie clutches her head as if it will burst is not so much *leitmotif*, more like a leaden cosh.) But these and other flaws make no difference. The ensemble intensity, the pulsating momentum, the darting attention to detail, the breathtaking strokes of poetry – all these are irresistible.

Maggies A, B, and C are Anne-Marie Duff, Catherine Cusack (both new), and Helen Schlesinger. The cast also includes Jonathan Cake and Simon Cox (both new), Simeon Andrews, Michael Matus, and Clara Salaman; the movement is by Liz Ranken, the design by Bunny Christie, and the lighting by Chris Davey. It is tribute to them all, however, that one wants not to describe individual contributions as to recall multiple moments.

"Oh!" cries Aunt Pullet to her husband, as if suddenly shocked by a major event, "I think I'm ready to take off my bonnet now." Phillip Wakem, deformed and romantic, sings "Caro mio ben" in a hauntingly dolorous high tenor as he walks around the riverbanks: where he meets Maggie in a landscape composed of ... *books*, people and *books*. Maggie A rests her head on his shoulder, but it is Maggie B, two yards away, he is addressing as he asks for a kiss. Near the end, the inspiration of music and the downward course of the river Floss become so linked that the piano around which Maggie and Stephen Guest have repeatedly met becomes the boat they take on the river; and in one breathtaking kiss he sweeps her head and shoulders from atop the piano above him into his arms.

This thrilling production makes one impatient not only to read George Eliot's novel afresh but also to re-enter the 19th century, in so many works of which the vigour of a child's mind, the power of the natural world, the forces of society, and the tide of sexual desire are brought together in an extraordinary nexus. Yet the truth is that here we *do* read the book afresh, and we do re-enter the last century, with new eyes and ears and connections in our minds.

At the Lyric Hammersmith until May 13; then on tour to Germany, May 15-27.

INTERNATIONAL ARTS GUIDE

■ BERLIN

CONCERTS
Deutsche Oper Tel: (030) 34384-01
● Gala Concert: with Lucia Aliberti, Alfredo Kraus and the choir and orchestra of the Deutsche Oper Berlin. Marcello Viotti conducts a variety of operatic pieces; 7.30pm; Apr 25
GALLERIES
Altes Museum Tel: (030) 203 55-0
● Munch and Germany: exhibition of early works by Norwegian artist Edvard Munch and German artists that were influenced by him; to Apr 23
OPERA/BALLET
Deutsche Oper Tel: (030) 34384-01
● Carmen, Flamenco: guest performance by the Ballet Teatro Espanol di Rafael Aguilar; 8pm; Apr 21, 22
● Lohengrin: by Wagner. Conducted by Hollreiser/Thielemann, produced by Götz Frederich; 6pm; Apr 23
● The Masked Ball: by Verdi. Conducted by Rafael Frühbeck de Burgos/Sebastian Lang-Lessing, produced by Götz Friedrich; 7.30pm; Apr 26

■ FRANKFURT

CONCERTS
Alte Oper Tel: (069) 1340 400
● Evening of Songs: with soprano Margaret Price and pianist Thomas Dewey in a programme that includes Wolf and Strauss; 8pm; Apr 26
● Radio Symphony Orchestra Frankfurt: Andrew Litton conducts Elgar, Walton and Britten/Dowland; 8pm; Apr 27
● Viennese Mozart Academy: with clarinetist Peter Schmidl. Yehudi Menuhin conducts Pärt and Mozart; 8pm; Apr 25
OPERA/BALLET
Alte Oper Tel: (069) 1340 400
● Gräfin Mariza: by Kálmán. Premiere of the Budapest Opera Theatre production; 8pm; to Apr 22

■ LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
● English Chamber Orchestra: with soprano Barbara Hendricks. Hubert Soudant conducts Pergolesi's "Stabat Mater" and Fauré's "Requiem"; 8pm; Apr 27
● The orchestra of the Royal Opera House: with soprano Angela Gheorghiu. Christian Thielemann conducts Wagner, Mozart and Strauss; 7.30pm; Apr 24
Queen Elizabeth Hall Tel: (0171) 928 8800
● Orff and Poulenc: Ian Humpheries conducts the National Westminster Choir and the Westminster Philharmonic Orchestra to play Orff's "Carmina Burana" and Poulenc's "Gloria"; 7.45pm; Apr 26
● The London Philharmonic: with the Hilliard Ensemble and the London Philharmonic Choir. Roger Norrington conducts Pärt; 7.30pm; Apr 23
Royal Festival Hall Tel: (0171) 928 8800
● Lazar Berman: pianist plays Beethoven, Chopin, Janáček and Liszt; 3.45pm; Apr 23
● Royal Philharmonic Orchestra: Yuri Temirkanov conducts Shostakovich's "Symphony No.1" and Tchaikovsky's "Symphony No.5"; 7.30pm; Apr 22
● The London Philharmonic: Franz Welser-Möst conducts Pärt, Sibelius, Martin and Shostakovich; 7.30pm; Apr 27
GALLERIES
Hayward Tel: (0171) 261 0127
● Yves Klein: more than 110 works conveying the full range of his output from paintings and sculpture to installations, events, architectural schemes to stage and film scenarios; to Apr 23
National Portrait Tel: (0171) 306 0055
● Richard Avedon: large scale photographic portraits and fashion shots; to Jun 11
Whitechapel Gallery Tel: (0171) 522 7888
● Kika Smith: works from the past three years by the artist; to Apr 23
● New Art from Cuba: works by contemporary artists from Cuba; to Apr 23
OPERA/BALLET
English National Opera Tel: (0171) 632 8300
● Don Giovanni: a new production of Mozart's opera. House debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Apr 22, 27
Royal Opera House
Tel: (0171) 304 4000
● Peter Grimes: by Britten. Directed by Elijah Moshinsky and conducted by Edward Downes; 7.30pm; Apr 22
THEATRE
Donmar Warehouse Tel: (0171) 369 1732
● Our Boys: written and directed by Jonathan Lewis. An exploration of military institutions through life in a military hospital; 8pm; to May 13 (not Sun)
Royal Court Tel: (0171) 730 1745/ 2554
● Simpatico: by Sam Shepard, directed by James Macdonald. First major play by Shepard in nearly 10 years; 7.30pm; to May 13 (not Sun)

■ NEW YORK

CONCERTS
Alice Tully Hall Tel: (212) 875 5050
● Briggite Fassbaender: mezzo-soprano with pianist Jean-Yves Thibaudet plays Mahler, Reimann, Liszt, Mihaud and Weill; 8pm; Apr 23 (2.30pm)
● New York Philharmonic: with conductor/harpsichordist Leonard Slatkin and mezzo-soprano Frederica von Stade plays Poulenc, Debussy, Argento and Copland; 8pm; Apr 21 (2.30pm)
Carnegie Hall Tel: (212) 247 7800
● London Symphony Orchestra: with violinist Anne-Sophie Mutter and soprano Laura Aikin. Pierre Boulez conducts Ravel, Webern, Berg and Boulez; 8pm; Apr 22
● London Symphony Orchestra: with soprano Maria Ewing. Pierre Boulez conducts Boulez, Messiaen and Stravinsky; 3pm; Apr 23
● London Symphony Orchestra: with soprano Jessye Norman. Pierre Boulez conducts Ravel, Berg and his own "Notations I-IV"; 8pm; Apr 24
GALLERIES
Guggenheim Soho Tel: (212) 423 3652
● Antoni Tápies: 55 of the Spanish artist's most important works dating from 1946 to 1991; to Apr 23
Museum of Modern Art Tel: (212) 708 9480
● Kandinsky: Compositions: exhibition featuring approximately 40 works including seven of the surviving "Composition" paintings; to Apr 25
OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● Parsifal: by Wagner. Produced by Otto Schenk, conducted by James Levine; 6.45pm; Apr 22 (12.00pm)
● The Ghosts of Versailles: by Corigliano. Produced by Colin Graham, conducted by James Levine; 8pm; Apr 21

■ PARIS

CONCERTS
Châtelet Tel: (1) 40 28 28 40
● Daniel Barenboim: pianist and conductor with the orchestra of the Deutsche Oper Berlin in a programme that includes Beethoven; 8pm; Apr 26
● Orchestra of the Deutsche Oper Berlin: with pianist Elena Bashkirova, soprano Alessandra Marc and mezzo-soprano Uta Priew. Daniel Barenboim conducts Beethoven's "9th Symphony"; 8pm; Apr 21
Salle Pleyel Tel: (1) 45 63 88 73
● Radio France Philharmonic Orchestra: with soprano Birgit Remmert, and bass Bryn Terfel. Richard Hickox conducts Mendelssohn; 8.30pm; Apr 21
GALLERIES
Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27
● Marc Chagall: exhibition that charts the development of Chagall's distinctive style; to Sep 17
OPERA/BALLET
Opéra National de Paris, Bastille
Tel: (1) 47 42 57 50
● Iphigénie en Tauride: by Gluck. Conducted by Graeme Jenkins, produced by Achim Freyer; 7.30pm; Apr 21, 24, 27
THEATRE
Petit Odéon Tel: (1) 44 412 36 36
● Cat and Mouse (Sheep): written and directed by Gregory Motton, a satirical look at present-day England. The first in a season of plays in English; 6.30pm; to Apr 23

■ WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4600
● Murray Perahia: pianist plays Handel, Schumann and Chopin; 7pm; Apr 26
● National Symphony Orchestra: with conductor/violinist Iona Brown plays Mozart, Bach, Barber and Handel; 8.30pm; Apr 21, 22, 25 (7pm)
● National Symphony Orchestra: with pianist Tzimon Barto. Zdenek Macal conducts Ott, Grieg and Brahms; 8.30pm; Apr 27
● St. Luke's Orchestra: with pianist Elizabeth Mann. André Previn conducts Prokofiev, Mozart and Beethoven; 3pm; Apr 23
GALLERIES
National Gallery Tel: (202) 737 4215
● The Glory of Venice: exhibition presented by the National Gallery of Art and the Royal Academy of Arts, London containing works by 18th century Venetian artists; to Apr 23

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Judy Dempsey on the German government's move to Berlin

Farewell to the Rhine

This time last year, the town of Bonn was plastered with posters urging the German government not to move its seat to Berlin, the capital of a united Germany. Members of the Bundesrat, the upper house of parliament, were among those who had resolved to stay in Bonn on the banks of the Rhine.

"We bought houses here. We send our children to school here. Our life is here. Why should we move?" asks Ms Barbara Hilger, a government official whose resentment is typical of those who oppose the move to Berlin.

"The Rhineland is largely Catholic, and over there in Berlin and the east, they are mostly Protestants," she says. "I am not saying there will be a cultural or religious problem. It's just that, well, it's about history. Berlin symbolises for me part of our less glorious past: centralised Prussia, the Third Reich, Hitler. You know what I mean."

But most of the posters protesting against the move have now disappeared. And last week the Bundesrat unexpectedly decided to consider moving to Berlin along with the the government and the Bundestag, the lower house, in 1998. The opposition Social Democrats who dominate the Bundesrat want to keep an eye on Germany's bureaucrats and politicians in Berlin: a vote will be taken in May.

Even the ordinary Rhinelanders – who were unenthusiastic about the original decision four years ago to transplant the government following the breach of the Berlin wall and the reunification of east and west Germany – have largely resigned themselves to the move.

Much of the credit goes to Mr Klaus Töpfer, who as construction minister is responsible for organising the *Umzug* or move. In meetings at schools and factories since he was appointed six months ago, the 56-year-old Mr Töpfer has made it his mission to convince Bonn's inhabitants that there will be life after the move and that the transfer of government will not mean a revival of Prussian domination over the rest of Germany.

Mr Töpfer believes that the delay in moving the government to Berlin has made it harder for Wessis (west Germans) and Ossis (east Germans) to understand each other.

Some Wessis, for example, believe the *Umzug* will undermine the country's federal structure. "There is a historical feeling that the nation was more centralised [in Berlin] and it is linked to the idea of Prussia, compared to the Bonn republic that encapsulated the ideas of federalism," says Mr Töpfer. "Bonn was really the proof of this federal structure. But we have to insist that this federalism will continue once the *Umzug* takes place."

'We bought houses here. We send our children to school here. Why should we move?'

Another problem is that the slow pace of life for Bonn's 313,000 inhabitants – it is a place of bureaucrats and diplomats which featured in John le Carré's spy novel, *A Small Town in Germany* – is far removed from the upheaval undergone by the 3.5m Berliners since reunification. Berliners sometimes felt that the officials in Bonn did not understand the difficulties of uniting the communist east with the capitalist west.

"We have to do our utmost for the *Umzug*," says Mr Töpfer. "It will prove that we can overcome the problems of reunification. We have got rid of the physical wall, but we have to get rid of the psychological wall which exists in the minds and hearts of the people."

Both Rhinelanders and Berliners began to have misgivings about the move almost as soon as it was decided in 1991.

Berliners complained about the increase in traffic and in crime, and about the federal government's plans to abolish the subsidies the western half of the city had enjoyed when it was divided. Industries and individuals were given tax incentives to attract them to Berlin and keep it vibrant during the cold war.

"There will be even more congestion, and house prices will increase now that the government is coming," said Mr Horst Reinhardt, who runs a small computer business in east Berlin. "Why don't the Rhinelanders and the bureaucrats just stay in Bonn and leave us alone?"

On the other side of the country, the Rhinelanders – and government officials, whose numbers had grown since Bonn was chosen as the seat of government after the second world war – did not relish the upheaval or the loss of status.

To make the *Umzug* more palatable to the Rhinelanders, the government has decided to keep eight ministries in Bonn, including defence, science, environment, agriculture and development. The rest will move to Berlin, starting in 1998. "We have budgeted DM20bn ($15bn) for the *Umzug*. This includes renovating buildings and finding suitable housing," says Mr Töpfer. In all, about 12,000 staff – plus their dependants – will move to Berlin. At the same time, as Ms Barbara Dieckmann, the Social Democrat mayor of Bonn explains, some big government bodies will move in the other direction: from Berlin to Bonn. These include the cartel office and institutions responsible for telecommunications.

"We have to make the most of it now that the *Umzug* is pressing ahead," said Ms Dieckmann. "We have to try to attract investors here, particularly since we will have lots of empty buildings."

For investors in Berlin, the *Umzug* cannot come soon enough. Property developers, who rushed to buy land in the German capital in 1990, are now saddled with a shortage of tenants and falling prices. Repeated postponements of the date of the move dissuaded the large banks and industrial companies from relocating their headquarters to the city.

"Investors moved very quickly once the wall came down. We are now following them," says Mr Töpfer. "Investors can rest assured . . . The German government and the Bundestag will be in Berlin between 1998 and 2000."

Kesser Eddy

At ease: Bonn enjoys a slower pace of life than Berlin

Grocers' global ambitions

Neil Buckley on the local and international plans of UK supermarket chains

The battle for market share among the UK's big supermarket chains is intensifying. In the past two months, Tesco, the food retailer, has sold more than its chief rival, J. Sainsbury, for the first time since the 1980s.

Tesco's share of the UK grocery market was 20.4 per cent in March, compared with Sainsbury's 19.3 per cent, according to AGB, the market research group. Tesco may turn out to have become Britain's biggest food retailer in the 1994-95 financial year when Sainsbury announces its annual results next month.

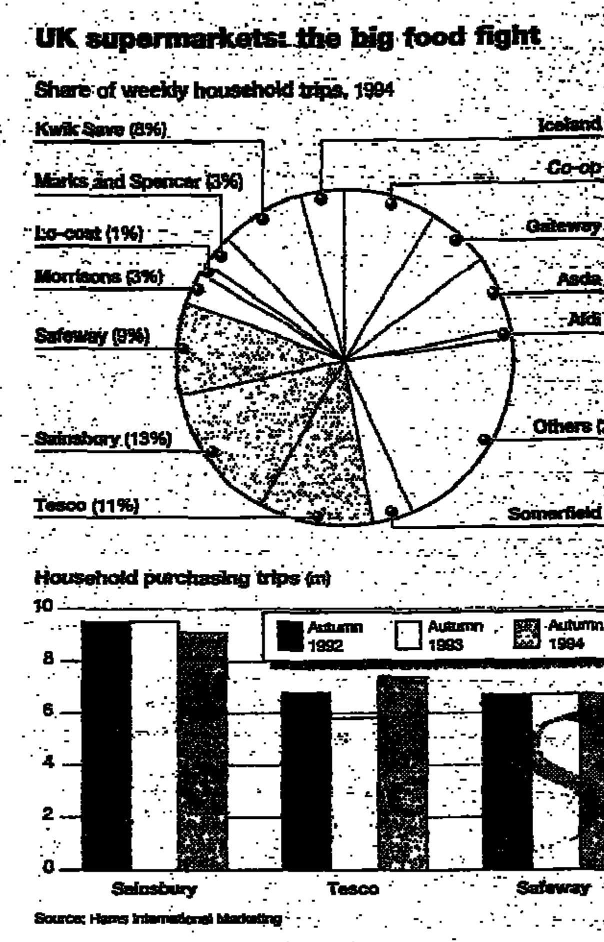
But the fight for market share is only part of the struggle between Britain's big supermarkets. Sainsbury, which recently enlarged its DIY chain, Homebase, with the acquisition of Ladbroke's Texas Homecare, plus sizeable investments in two US retailers, is still the bigger group by market capitalisation. It is also far more profitable, squeezing a forecast operating profit of £775m out of about 9.2m sq ft of supermarket space, compared with Tesco's £600m from 12.6m sq ft.

Mr Rodney Forrest, retail analyst at Crédit Lyonnais Laing, the securities house, describes Tesco's success in gaining market share as merely "an irritant to Sainsbury". He says: "Sainsbury has concentrated more on margin in the last two years, and been relaxed about market share, while Tesco has gone hard for sales."

Tesco, furthermore, may have slipped into the number one spot just as the focus of competition shifts to new territory – to different retail sectors and overseas markets.

Having achieved dominance in the UK, both Tesco and Sainsbury are looking elsewhere. Tesco has acquired Catteau, the French regional retailer, and a majority stake in Global of Hungary, where it plans to open 20 stores over five years. Sainsbury has looked in the opposite direction, taking stakes in US chains Shaws and Giant Food, and has diversified further than Tesco by becoming Britain's largest DIY retailer.

As the scope for UK expansion narrows, with superstore sites dwindling and planning restrictions tightening, observers believe Sainsbury is starting to view its British grocery business as a "cash cow" which will provide funds for more aggressive expansion into other areas. Tesco is showing signs of a similar attitude.



Source: Harris International Marketing

The coming battle may not be for bigger proportions of British shoppers' spending, but for a greater share of the world grocery market.

For the time being, however, the competitive UK grocery market remains the principal battlefield.

Few would have predicted Tesco's rebound two years ago. Then, institutional investors were worried about downward pressure on prices due to the rapid spread of cut-price discount stores, lingering recession, and over-capacity problems as the UK became "saturated" with grocery superstores. Tesco was seen as more vulnerable than its largest competitors – Sainsbury and Argyll's Safeway chain – as its younger customers were hit harder by the recession and more likely to defect to discounters.

While Sainsbury and Safeway had established reputations as quality, "value-added" retailers, Tesco was still completing its move to quality from the pile-it-high, sell-it-cheap strategy it had pursued until the 1980s. Observers argued that cutting Tesco's prices would not only mean putting at risk the returns on its investment in expansion – close to £1bn a year in the early 1990s – but undermining all its efforts to recreate itself as a quality operator.

But the critics reckoned without the skills of Mr Terry Leahy, promoted by Tesco to marketing director in 1992. Mr Leahy, recently elevated again to deputy managing director, is widely credited by the City with being behind the marketing initiatives that have underpinned Tesco's recent success.

In some respects, Tesco has done the same as its competitors – widened its range to include clothing, CDs and videos, books and newspapers; added facilities such as post offices and dry cleaners; and improved customer service. But analysts identify three initiatives as crucial in giving Tesco a competitive edge.

The first was an old idea revisited: "Tesco Value", a range of cheap, basic goods in no-frills packaging launched in August 1993. This was designed to complement its "value-added" ranges while countering the threat from limited-range, deep-discount retailers such as Germany's Aldi and Denmark's Netto, which were expanding in the UK, as well as aggressive price-cutting by chains such as Asda.

However, the City was sceptical, and preferred Sainsbury's alternative strategy, launched three months later, of reducing prices on 300 existing own-label products. But when both groups issued trading statements the following January, it became clear which initiative shoppers preferred: Tesco's sales, excluding new stores, were up 4.5 per cent; Sainsbury's were down 1 per cent.

The second initiative was a new, understated advertising campaign – with the slogan "Every Little Helps" – which mixed the group's quality message with soothing references to lower prices.

The third initiative was Clubcard, a loyalty scheme giving shoppers £1 of vouchers for every £100 spent.

According to Mr Jef Harris, chairman of Harris International Marketing, the retail consultancy, the success of Tesco's marketing is demonstrated by an increase in visitors to its stores – and this has driven its sales growth. Tesco has lifted its share of total weekly grocery visits from 9 per cent to 11 per cent, while Sainsbury's share has remained at about 13 per cent.

Marketing is not the only area in which Tesco is perceived to have been more innovative than competitors. After the stampede out of the high street into purpose-built emporia on the edge of towns, it was the first big UK grocer to develop a new town-centre format, called Tesco Metro, and to launch stand-alone petrol stations-cum-convenience stores called Tesco Express.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Regulator already has benefit of good advice

From Mr Ian Byatt.

Sir, In your leading article, "Redesigning regulation" (April 19), you commend Ms Clare Spottiswoode, the gas regulator, for recommending that regulators adopt a panel of advisers.

I already have such a panel in the chairmen of the Ofwat customer service committees. I consult them on all important policy issues. They also advised me on the price limits which I set for water companies last July. They had access to all the information and were present at the meetings I had with companies.

They then sent me a recommendation on the price limits – and jointly published their views on the outcome of the review.

This shows the value of incorporating customer representation in the regulatory body. There are arrangements for representing customers within Offer [the electricity regulator] and Oftel [the telecommunications industry regulator], but Ofgas, the gas industry regulator, is less fortunate.

Nor do I make decisions on matters affecting the City without consulting my financial advisers. I also take advice on technical and engineering matters from external advisers.

Ian Byatt,
director-general,
Office of Water Services,
Centre City Tower,
7 Hill Street,
Birmingham B5 4UA, UK

Yen has travelled an uneven path to achieve its status

From Dr Beate Reszat.

Sir, The status of the yen in its early beginnings was not as unambiguous as you put it ("Currency reaches dizzy new heights", April 20). The Bank of Japan itself dates the birth of the currency to the year 1870 when the Japanese government purchased the British mint in Hong Kong and started to mint the first coins at Osaka, at that time the country's financial centre. Those coins were issued after the New Coinage Act was made public in May 1871.

In those days the country still suffered from the financial heritage of the Tokugawa rule, which looked disastrous: there still existed various kinds of convertible and unconvertible paper money which had been issued by daimyos and merchants but also by the new Meiji government. There were two different metal standards: while Osaka was on a silver standard, in Edo – the administrative capital – gold was the standard coin. In addition, there was a strong imbalance between the internal and external value of precious metals. While the world parity of gold and silver was about one to 15, it was between one to 5 and one to 10 in Japan, causing a large gold flight. These and other impediments made it at first impossible for the Bank of Japan to issue notes, which were not introduced before 1885. Japan officially adopted the gold standard in 1897.

However, the first currency relations between Japan and the US date back much earlier. In 1854, in the wake of a provisional treaty of amity, both countries agreed to fix the relation of their currencies to one-fourth of one ryo – the old Japanese currency – for one dollar.

This promptly gave rise to the first "trade conflict" in soon proving to be highly unfavourable for the US. Thus, when Townsend Harris, the first consul-general arrived in Japan, one of his first tasks was to start negotiations for a revision of the rate. There is nothing new between Heaven and Earth.

Beate Reszat,
head of research on monetary and financial relations,
Hamburg Institute for Economic Research,
Neuer Jungfernstieg 21,
20347 Hamburg,
Germany

City fathers

From Mr Osman Streater.

Sir, Michael Cassidy of the Corporation of London says: "I would like Sir Peter [Levene, chairman of Canary Wharf] to instruct his agents not to go out of their way to attract established City occupiers" ("City aims to counter Canary challenge", April 19).

The City fathers perhaps need reminding that the three established world cities in financial terms are New York, Tokyo and London – and *not* just areas of these cities.

Osman Streater,
Savile Club,
69 Brook Street,
London W1Y 2ER, UK

Broader perspective on merits of identity cards

From Mr Anthony Mayer.

Sir, Joe Rogaly's "Playing the identity card", and Peter Whitehead's "Married in two hours" (April 9) contrast the American and British way of things but, as is often the case with mutual scrutiny from common language, miss the broader "new world" differences as far as Europe in general is concerned.

Point 1: Basically, all European countries with the exception of the UK have long adopted a national identity card system. French citizens are mandated to carry *la carte d'identité* (drivers' licence alone not sufficient) subject to a fine, while the Germans need to register their place of residence with the police department.

Such measures may raise reasonable concerns over potential civic rights violations and can point to centralist, if not authoritarian, inclinations. Yet the Anglo-Saxon paranoia and "police state" allegations appear even less rational in the US (a vast country which is not located on an island).

A national identity card can reduce red tape, simplify enforcement procedures in immigration (and maybe help prevent a massive illegal influx), and may contribute, along with other enforcement or preventive measures, to a more civilised response to a 30-year-old crime wave rather than, for instance, resorting to the private ownership of guns or reinstating the death sentence as at present in New York State.

Point 2: Marriages in the UK no longer need take place inside the traditional church or town hall. This may pale in contrast to an exotic two-hour wedding package in Lake Tahoe in the US.

However, whether this flexibility is available elsewhere in Europe remains to be seen. It is not in France and not in the Republic of Ireland where divorce remains illegal – maybe it is in Sweden or the Netherlands.

In any case, playing foreign comparisons selectively may be part of a national self-deprecation game, but invoking a few non-politically correct ones may help balance the perspective.

Anthony Mayer,
308 West 103rd Street,
New York, NY 10025,
US

Fine fish traditions in Canada

From Mr Clive Frampton.

Sir, Pity poor Robert Mabro (Letters, April 19). It appears neither he nor anyone he knows has been able to get a good fish dish (other than salmon and trout) in Canada. One wonders where he looked. There are many excellent restaurants across Canada serving fish dishes from a variety of traditions. Fish served include Canadian pickerel, arctic char and whitefish, as well as other species more well known in Europe.

But Mr Mabro's suggestion that fish should belong only to those who know how to cook it raises a frightening prospect. Surely he wouldn't deprive Britons of their nice bit of rock and chips – all too often prepared and served by those who don't know how to cook it. Perhaps this is not a concern in the dining room high table in St Anthony's College.

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FINANCIAL TIMES

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Friday April 21 1995

Presidential dilemmas

The first ballot in the French presidential election, to be held on Sunday, will determine whether the final choice is to be the classic one between right and left or, as in 1969, between two variants of the moderate right.

For those who can afford to treat the race as pure spectacle, there is no doubt that the latter outcome would be more entertaining. In the first place, it would be a much more open contest. Either Gaullist candidate would be virtually assured of victory if left alone facing the socialist, since most of the votes of the one eliminated would presumably be transferred to the survivor; whereas just how the leftwing vote would distribute itself between two rightwing rivals is anybody's guess. And the contest between those rivals would gain further piquancy from the fact that they belong to the same party, and until two years ago were considered great friends. Without this internecine rivalry it seems likely that some at least of the recent revelations about corruption in high places would never have seen the light.

Yet it must be doubted whether such a contest would be healthy for French democracy. Since there is no real ideological difference between Edouard Balladur and Jacques Chirac, they and their supporters would be driven to focus even more on personalities, resorting to even more desperate muck-raking. While it might be perverse of French voters to choose another socialist president so soon after chasing the last socialist government ignominiously from office, it is clear that the left, broadly defined, still holds the allegiance of a large minority in the country, including many of the less well-off. It would be dangerous if that minority, finding itself unrepresented in the final and decisive ballot, felt that it had been effectively disfranchised.

No doubt any tendency in that direction would be checked by the efforts of the two remaining candidates to woo the leftwing vote. But those efforts would inevitably take the form of demagogic hints and promises, of which there have already been more than enough to complicate the work of the successful candidate once installed in the Elysée. The latest example is the gratuitous attack by Mr Chirac on last week's annual report from the governor of the Bank of France.

The governor, Jean-Claude Trichet, had expressed a preference for "the creation of purchasing power through moderate wage increases" as against "apparently high increases" which in reality would be cancelled out by inflation. It is hard to imagine any central bank governor saying less. Yet Mr Chirac reacted as if he had been personally criticised, accusing Mr Trichet of trying to dictate the government's economic policy and to tell trade unions and employers how they should behave. Mr Balladur, sensing that his rival had exposed a flank, then warned that such attacks on the bank might "disturb and endanger our currency". The markets reacted accordingly, and yesterday Mr Chirac was forced to backpedal, stressing his commitment both to the strong franc and to the independence of the central bank.

The least that can be said is that the credibility of that commitment has not been strengthened – though Mr Balladur's reputation for statesmanship is not enhanced by the exchange either. Behind the argument lies a more serious dilemma, to which neither candidate has yet given a convincing answer, which is how confidence in the currency can be maintained, and the Maastricht deficit reduction criteria met, without monetary and fiscal policies which will choke off the already weak recovery.

Facing terrorism

With this week's ghastly terrorist attacks in Japan and the US, the two most powerful countries in the capitalist world find themselves in unfamiliar territory. The response should be a mixture of enhanced domestic alertness with greater international co-operation, including action against states promoting terrorism. But civil liberties should, as far as possible, not be curtailed, since that is the victory the terrorists seek.

The car bomb which wrecked a building in Oklahoma City was by far the most serious act of deliberate terrorist destruction on American soil. The poisoning incidents in Japan also set an ominous precedent, since these are the first use of non-conventional weapons by terrorists.

For every person who is killed or injured in such attacks, hundreds of thousands feel helpless or insecure: that is one of the purposes of terrorism. Americans, in particular, have regarded themselves as protected by geography from turmoil and fanaticism elsewhere and react with particular sharpness to attacks on US citizens in other countries. The Oklahoma bombing could exacerbate the mood of isolationism palpable in parts of the political spectrum. It could also fuel demands for exemplary retribution against states believed guilty of sponsoring terrorism, even in the absence of the necessary evidence.

That no major democracy is now safe from terrorism makes it imperative for western countries to pool all their experience in dealing with the scourge. This means sharing not just databanks and forensic know-how, but also accumulated experience in strengthening security: it also means dealing with the social and psychological effects.

If nations of western Europe, with their bitter experience of bombings and assassinations, have a message for the US and Japan, it is one of encouragement and even of consolation. Decades of violence by Irish, Basque, Corsican and other terrorists have strained their capacity to preserve order and administer justice. For all that, terrorists have failed to destroy the social fabric of countries they have attacked. The foundations of liberal democracy have proved too robust for such extremists to destroy.

It would be a tragedy if a surge of understandable fury over the Oklahoma bombing were either to tempt the US into endorsing any over-hasty crackdown on civil liberties, or to fuel a climate of xenophobia. Punish the guilty, once they have been identified; improve security; and enhance co-operation. But do not yield to the panic that is both the goal of terrorism and its principal weapon.

No win, no fee

The lord chancellor's proposed rules, published yesterday, for allowing lawyers in England and Wales to act on a "no win, no fee" basis deserve to be welcomed — with important qualifications.

Many people are effectively barred from the courts because they cannot afford the cost of litigation. Yet the legal aid budget cannot be expanded without limit. Yesterday's proposals are commendable in attempting to improve access for those who do not qualify for legal aid.

Under the draft rules, lawyers can charge fees conditional on the outcome of claims for personal injury, insolvency and human rights cases. If the case is lost, the lawyer gets no fee; if won, the lawyer gets a maximum of double the standard charge.

The rules should indeed improve access. However, the risk is that they will at the same time encourage a flurry of speculative litigation. The consequences are well demonstrated by US courts, where the system of punitive damages, awarded by juries, dangles the lure of huge potential rewards in front of litigant and lawyer. One of the least attractive results is that the simple threat of a lawsuit, however frivolous, forces many defendants to settle out of court because they cannot afford the small chance of a large loss.

The risks of litigiousness on this scale emerging in England and Wales are small because potential rewards are lower and potential losses higher. Damages are set by judges not juries, and tend to be much lower. The risk that the loser may pay the winner's costs also acts as a deterrent. Moreover, the lord chancellor has rightly barred agreements which would allow lawyers to claim a percentage of the gain.

However, there is still a risk of a rash of frivolous cases under yesterday's proposals. Where the plaintiff has no assets, the defendant knows that, even if he wins, he is unlikely to be able to reclaim costs, and so will be inclined to settle. At the moment, such cases are sifted out by the criteria for granting legal aid. To argue that lawyers rate the value of their time so highly that they will avoid frivolous cases is to dismiss the problem too lightly. When there is a surplus of qualified lawyers, as at present, that is little deterrent.

One solution would be to make lawyers pay a share of costs if the case were lost. Another would be for the legal profession, which is fond of citing the numerous professional codes to which it subscribes, to urge its members to refrain from such cases. The profession's self-restraint should be scrutinised particularly closely when the rules are reviewed in several years' time.

George Graham explains the difficulties in reaching agreement over reform of the US system

A few snips at the welfare net

If there is one issue that unites Mr Bill Clinton, the Democrat president, and the new Republican leadership in Congress, it is the need to reform the US welfare system.

Both camps agree to a considerable extent on the nature of the problem: the US social safety net has produced a set of incentives that encourage childbirth outside marriage and discourage recipients from seeking work.

"Does welfare need reform? I don't think there's a dissent. Do we need to get people back to work? Not a dissent," says Senator Robert Packwood, chairman of the Senate finance committee which is working on a welfare reform bill.

But there is little agreement on the measures needed to deal with the problem, leaving welfare reform the subject of intense philosophical debate between the two camps.

As a presidential candidate, Governor Bill Clinton of Arkansas built much of his campaign around the promise to "end welfare as we know it". It was a popular message with many voters, who picture idle welfare mothers as having increasing numbers of children to qualify for greater state handouts.

Today, Mr Clinton is in the White House, but his reform died last year – in part over fears about the cost of measures to get welfare recipients back to work. Now it is the turn of Mr Newt Gingrich, the Republican Speaker of the House of Representatives, to try his hand at "replacing the welfare state with the opportunity society".

Both sides define welfare in a narrow way, excluding notionally insurance-based programmes that would be regarded as part of the welfare state in most countries. These include the Social Security pension scheme (costing \$333.7bn this year) and the Medicare health insurance programme for the elderly (\$154bn this year).

Instead, the discussion largely centres on two safety net benefits: the \$25bn a year Aid to Families with Dependent Children programme and Medicaid.

The former is the principal cash benefit paid to families with children below the poverty level, paying them an average of \$385 a month of federal and state cash. This is topped up with a bewildering variety of in-kind benefits such as food stamps, free school lunches and help with housing and heating costs.

Medicaid provides health coverage to the poor, including many not on AFDC. At \$88.4bn this year, it is the most costly of the means-tested benefits.

Two different approaches have dominated the debate over reform of these benefits.

Reformers on the left and in the centre focus on getting welfare

recipients into work and off benefits. The 1988 Family Support Act was designed to make more welfare recipients go back into education or training programmes as a condition of receiving benefits. Mr Clinton's plan took this further, requiring recipients to work after two years on welfare benefits.

Reformers on the right often include similar work programmes, though they differ on the extent to which the state should be obliged to provide jobs if none are otherwise available. Republican governors in Wisconsin, New Jersey and Massachusetts have all introduced welfare reforms that require able-bodied welfare recipients to find work.

But their focus is more on family structure and on reducing the level of illegitimate births and teenage pregnancies. These create single-parent families which they see as inadequate for child-rearing and which make paid work almost impossible. Nearly half the mothers aged between 15 and 44 receiving AFDC in 1993 had never been married, the Census Bureau reported last month, and fewer than 15 per cent were in intact marriages.

"The only way to solve our welfare problem and the harsh social fallout it produces is to focus much more on preventing unviable single-parent families from forming in the first place," says Mr Karl Zinsmeister of the American Enterprise Institute, a conservative Washington think-tank. "In the future we need to scramble in creative ways to get low-income mothers and fathers married."

Remedies include denying additional benefits to mothers who have more children while receiving welfare, a policy already adopted by New Jersey. More extreme proposals include cutting off benefits to unmarried mothers, as suggested by Mr Charles Krauthammer, a conservative newspaper columnist, or even abolishing welfare altogether.

The Republicans' welfare reform bill passed last month by the House and now awaiting consideration by the Senate combines much of the second approach with some of the first. It includes targets for getting people off benefits and into work. But it sets a maximum period for which any individual can receive cash benefits of five years, denies cash assistance to unmarried parents under 18, and withholds extra benefits from mothers who have more children while receiving welfare. It also provides new funding for measures to force fathers to make child support payments.

Despite the attempt to combine the two approaches to reform, the bill has been criticised by both the White House and conservatives. Mr Clinton said the bill was too tough on children. Mr Robert Rector of the Heritage Foundation, the leading rightwing think-tank in Washington, said the work provisions were too weak.

Researchers from the Congressional Budget Office have cast doubt on the efficacy of the measures. They concluded that no single state would be able to meet the bill's targets for reducing the number of births out of wedlock or moving welfare families into work. They also predicted that the collection of child support payments would increase by less than 10 per cent of the current level by the year 2000 – to just \$3.8bn a year.

However, provisions in the House bill to devolve welfare responsibilities to state level may offer a basis for agreement between the two sides. The bill proposes to combine a variety of childcare, nutritional aid and cash benefit programmes into a smaller number of block grants, leaving states free to dispense the money in ways that fit in with the general prescriptions of the legislation.

The principal draft of welfare reform now circulating in the Senate proposes to retain the consolidation of various programmes into block grants, but strips out all but the most general prescriptions on how the states must dispense them. They would have the option of clamping down on illegitimacy or enforcing work requirements – but would not be required to do so.

The "leave it to the states" approach has considerable appeal to the state governors, who saw the House bill as another example of Congress issuing mandates without the funds to pay for them. "We don't like liberal mandates or prescriptions any more than we like conservative mandates or prescriptions," says Governor Tom Carper of Delaware, a Democrat and former congressman.

It also strikes a chord among voters, with a strong national mood in favour of taking power away from Washington. And it has the advantage of sidestepping at federal level the emotional debates that surrounded the House bill. These saw Democrats denouncing the measures as an assault on poor, sick and disabled children, while some conservative Republicans feared they would encourage poor mothers to have abortions.

But even if agreement can be reached to leave it to the states, the narrowness with which welfare is defined spells almost certain disappointment at the results of any reform.

According to the congressional Budget Office, the House bill would reduce federal spending by just \$66.3bn over the next five years, leaving the cost of means-tested welfare spending at \$1,057bn for that period.

Reformers may eliminate some of the perverse incentives that have been built into the US social safety net. But they have shown little willingness to tackle the more costly parts of the welfare system such as Medicaid.

As for the runaway costs of social security pensions and Medicare, the twin pillars of the middle class welfare state, reform of these is not even on the agenda.

Indian economy has further to go

PERSONAL VIEW

For most of the 1990s, India's economic achievements have been overshadowed by the so-called Asian "miracle" economies such as China, Indonesia, Malaysia and South Korea. But India too has been making remarkable progress. Since launching its structural reform programme in 1991, the world's fifth largest economy has overcome a severe economic crisis, restored growth and engineered a rapid expansion in exports.

Most importantly, India has opened up to the rest of the world, lowering trade barriers and attracting more private capital.

But much remains to be done: India's average annual growth rate of around 5 per cent is well below the double digits achieved by some Asian nations; its share of global trade is still below 1 per cent – less than Malaysia's; and the \$6bn in foreign investment it attracted last year is less than a quarter of the \$26bn that went to China.

What is more, other Asian economies have been more successful than India at reducing absolute poverty. It is all too easily forgotten that the whole point of economic growth is the improvement of human welfare and living conditions. Sustained, rapid growth is the only lasting solution to poverty.

What then must India do to achieve faster growth and ensure that the benefits reach those in most need?

First, the momentum of economic reform must be increased. The budget deficit and inflation remain at worrying levels. Trade protection must be further reduced and industrial competitiveness enhanced.

A more pragmatic approach needs to be taken towards India's inflexible "exit laws", which mean government approval is required before money-losing ventures can be closed. In the agricultural sector – which still contributes 35 per cent of India's gross domestic product and employs 70 per cent of the workforce – resources should be diverted from untargeted subsidies to the much-needed improvement of rural infrastructure.

If such reforms are to take root, as many people as possible must feel the benefit of them. This can only be done by combining economic reform with a special focus on India's natural resources and the development of its people.

This means education – an area where India could profitably follow the example of a number of east Asian governments at an earlier stage of their development. They

India is still not providing the basic education needed for rapid and equitable growth

concentrated first on providing universal primary education and later increased the amount of secondary schooling available. Demand for tertiary education was left largely to a self-financed private system.

India, by contrast, still has a long way to go in providing the basic education needed for rapid and equitable growth. About half the students in Indian rural primary schools drop out before graduation – and only half of those who graduate can read and write.

India needs to invest more money in education; but, even more important than this, the money must be spent effectively. The focus of public spending should be on improving the quality of primary education because that benefits the most people, and particularly the poor.

It is a similar story with health. Just 1.3 per cent of GDP is spent on public health care – a lower percentage than in some of the poorest African countries. These resources need to be concentrated on effectively reaching the poor through preventive health services, and not on programmes that primarily benefit the privileged.

India also needs to put more emphasis on reducing the rate at which its population is growing by improving sex education and the availability of high-quality and user-friendly family welfare and contraceptive services. Without this, its economic transformation will not succeed.

And the concept of environmental protection needs to be integrated fully into the process of economic decision-making. This means, for example, pricing power and water in line with production costs.

In addition to all this, India needs to follow the example of the most successful east Asian governments by forging a generational commitment to a national agenda of policies and action.

This entails building a nationwide consensus behind a set of objectives; exercising leadership in implementing them; and staying the course over a 25-year period to achieve them. Conceptualising economic reforms is relatively easy. The hard part is implementing them over the long haul, and not allowing them to be hijacked by special interests.

With this kind of sustained commitment, there is a real prospect of India working its own "miracle" – and taking its place as a force in the global economy.

Gautam Kaji

The author is managing director of the World Bank

OBSERVER

Devil gives up dieting

■ Japan's parliament, the Diet, has just bade farewell to the devil incarnate, otherwise known as Shintaro Ishihara, who once used the phrase about himself and his place in Japanese politics.

After 25 years in the Diet, Ishihara, now 62, says he's so fed up with Japan's political life that he is washing his hands of it. Best known to foreigners for his book, *The Japan That Can Say No*, a call for Japan to shrug off US tutelage, his colleagues in the ruling Liberal Democratic party will miss the most eloquent US-basher in Tokyo.

But even his most stalwart LDP supporters probably feel a little uncomfortable with Ishihara's valedictory analysis of the state of the nation.

Ishihara's resignation speech averred that Japanese society is "marked with frivolity" and added that "political parties and politicians have nothing in mind other than abject, egocentric self-protection. Politics is essentially in crisis." That he partly blamed himself for this state of affairs has hardly smoothed matters over.

Not that he is giving up devilment. Ishihara plans to spread the gospel of a non-western identity, beyond Japan and into east Asia. His latest book, jointly written with Mahathir Mohamad, the Malaysian prime minister, is entitled *An Asia That Can Say No: A Card Against The West*. Given past performance, it's bound to be another ace.

Banking bootwork

■ Looks like the abandonment of all pretence of civility in the battle between Crédit Lyonnais, the loss-making state-owned bank, and Société Générale, its private-sector equivalent.

First SocGen publicly put the boot into the government's rescue package, breaking establishment practice of voicing criticism in private. Now it's admitted sending letters to prospective customers inviting them to switch banks if their existing institution seems to be in "difficulties".

Needless to add, a goodly number appear to have been received by Crédit Lyonnais account holders.

Mis-dialled

■ Why should Ted Rogers, Canada's cable-TV and multimedia tzar, turn down an opportunity to expand in a business many reckon has a future – long-distance phone calls?

Rogers' family-controlled company has decided not to exercise an option to raise its 30 per cent stake in Unitel, which pioneered long-distance competition in Canada against the local phone monopolies. Rogers obviously isn't happy that Unitel is losing close to C\$1m a day and faces a stiff challenge from the phone companies as well as an array of other newcomers.

But the real reason may have more to do with Rogers' gift for futurology. Last year he gave a speech at York University in Toronto, saying that 100 years from now "one easily will go to Hong Kong or South Africa for lunch and be back in your own home that evening. It may even be accelerated so that travelling backwards and forwards in time may be possible".

Maybe Rogers has seen the future – and it doesn't return his calls?

Fraud fright

■ How long can this sort of ethic survive? According to the Shanghai Securities News daily newspaper, eight young dealers have handed themselves over to the police after admitting the embezzlement of a sum equivalent to almost \$600,000.

But maybe it was fear of discovery rather than honesty which induced their bout of conscience? One made a considerable loss on his trades.

Oh well.

Poor reception

■ A Dutchman who was fined DM20 for a parking offence in the Bavarian town of Schweinfurt has refused to pay until the German police return a radio confiscated from his mother during the second world war. He even sent a receipt from June 7, 1943, insisting that the radio should have been returned after the war. If the police obliged, he would be happy to pay the fine. A police spokesman says the matter has been dropped. As precedents go, this one could be expensive.

Punters galore

■ There is a law in France preventing ordinary citizens from betting on the outcome of the upcoming presidential race.

Of course, traders are not ordinary citizens. Maybe that's why Matif, the country's futures market, will – by special request from its members – exceptionally open its automated trading system for two hours next Sunday evening, and again on Sunday May 7, as well as on the public holiday that follows. Those just happen to be the dates of voting for the country's next president.

Russian roulette

■ There is good news and bad news for Russians dependent on the state-fixed minimum wage. The good news is that it's more than doubling. The bad news is that the increase – from 20,500 to 43,700 roubles a month – equates to a shift from \$4 to \$8.50.

The Financial Times

50 years ago

Shock for Paris Bourse
The Bourse is out of luck. No sooner did it get back to work after granting its clerical personnel the 30 per cent increase in salaries for which they went on strike on Tuesday and Wednesday than it received a new, if minor, shock. This consisted in the announcement that the Government intends to make it compulsory to deposit with the Caisse Centrale de Depôts et Virements de Titres all bearer securities. Hitherto the obligation has been limited to bearer securities in the hands of intermediaries when the Bourse reopened in 1941 after the Armistice and those which changed hands subsequently.

The Caisse, an organisation of German inspiration established shortly after the Bourse reopened in 1941, would thus become the depository of a huge mass of bearer securities which Frenchmen like to keep in strong boxes or their bottom drawers. The prospective ordinance implies the virtual disappearance of the attraction of bearer securities – secrecy of ownership.

FINANCIAL TIMES
Friday April 21 1995

Government borrowing rises as activity falls

Evidence grows that UK economy is slackening

By Peter Norman and Gillian Tett

The UK government's potential problems in managing the domestic economy in the run-up to the next general election were thrown into sharp relief yesterday by further evidence of a slowdown in activity and reduced scope for tax cuts.

A survey by the British Chambers of Commerce of more than 8,000 companies in both services and manufacturing yesterday suggested the rapid surge in business growth that occurred last year is running out of steam.

At the same time, official figures revealed a sharp rise in the government's budget deficit in March. As a result the 1994-95 public sector borrowing requirement overshot its November budget forecast of £34.3bn.

The UK government's Central Statistical Office reported yesterday that higher than expected borrowings of £10.35bn ($16.7bn) in March had pushed the public sector deficit up to £35.56bn in the past financial year.

The news prompted analysts in financial circles and other commentators to question whether Mr Kenneth Clarke, the chancellor of the exchequer, would be able to announce big tax cuts in his next budget in November.

Mr David Coleman, an economist at City of London investment company CIBC Wood Gundy, said yesterday's figures would "make tax cuts harder to justify".

Mr Robin Geldard, president of the BCC, said: "At the moment there is absolutely no indication that tax cuts would be sensible. It seems to me that the PSBR is still at a level which would make that very unwise."

The news from the BCC that fewer businesses reported higher domestic sales in the first three months of this year, while export growth slipped slightly, sounded a warning on the dangers to the economy of a further rise in borrowing costs.

But the immediate impact of the survey was to reduce slightly market expectations of an early rise in UK bank base rates from their current 6.75 per cent level to combat inflationary pressures prompted by the recent sharp fall in sterling's value.

City analysts also said that the prospect of only modest tax cuts in the Budget could ease the pressure for further interest rate increases later in the year.

"If tax cuts are smaller than the £4bn to £5bn we anticipated, we can be a bit more relaxed about interest rate rises," said Mr Kevin Gardiner, the London-based UK economist with Morgan Stanley, the US investment bank.

The BCC blamed the slowdown on recent tax rises and higher interest rates, and warned against any further interest rate rises.

Although the survey showed that the underlying trend in UK manufacturing remained healthy compared with the previous five years, business confidence has declined since last summer while investment intentions have remained broadly unchanged.

In particular, the BCC pointed out that the proportion of companies operating at full capacity fell back for the first time for four years – suggesting that business bottlenecks may be easing slightly.

Bonds, Currencies, London Stocks, Second Section

Fujitsu to build new chip plant in the US or UK

By Michiyo Nakamoto in Tokyo and Alan Cane in London

Fujitsu, the Japanese computer and electronics maker, yesterday announced plans to invest between Y80bn ($990m) and Y100bn in a new semiconductor manufacturing plant that will be built in the US or UK.

The move by Fujitsu reflects a trend among Japanese manufacturers to shift production overseas in response to the high yen and the need to globalise operations to remain competitive.

Fujitsu said no decision had yet been made on where to locate the new plant, to be built this year. The plant will initially manufacture next generation 16-megabit dynamic random access memory chips and later the more advanced 64-megabit D-Rams.

Last year NEC, one of Japan's leading semiconductor manufacturers, announced that it would build an advanced semiconductor facility in the UK, while Mitsubishi Electric has chosen Germany for a new chip plant.

The new Fujitsu factory will probably be built next to its plant in Gresham, Oregon, or its plant in Durham in the UK. A prime consideration will be financial incentives, either regional aid or development grants.

Fujitsu's factory in Oregon, which makes 4-megabit D-Rams but is not equipped to produce 16-megabit chips, is a strong candidate. But the company is considering the concentration of 16-megabit production in the UK, where these chips have been produced since earlier this year. It owns just over 80 per cent of ICL, the UK computer manufacturer.

Fujitsu is also planning to assemble advanced flash memory chips, currently produced in Japan, at its plant in Malaysia where it is investing a further Y15bn. "Any increase in production [of flash memory chips] will be in Malaysia," Fujitsu said.

Rival Sanyo Electric announced yesterday it was building a Y7.5bn semiconductor plant in the Philippines to assemble large-scale integrated circuits. Sanyo's investment reflects the growing significance of the Asian market, where it has established four other semiconductor manufacturing subsidiaries in Korea, Taiwan, China and Thailand.

THE LEX COLUMN

Big Blue bonanza

Big Blue's blow-out first-quarter results were flattered by currencies and comparison with a particularly weak first three months last year. But the surprise record results were a significant achievement. The group's control of costs, which fell 8 per cent year-on-year, continues to impress. The only concern is that IBM might not be investing enough for the future: research and development spending dropped 17 per cent.

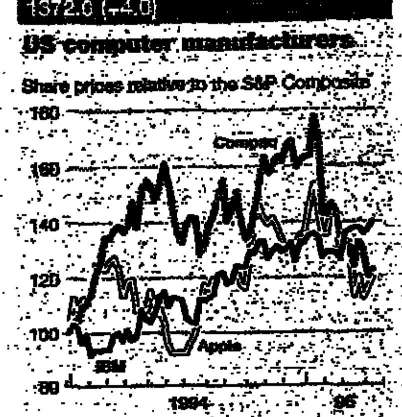
The results were particularly notable because the improvement was driven as much by sales volumes as cost containment. IBM appears to have pulled off the trick of synchronous growth, with all its big divisions firing simultaneously. Past research and development in new products is paying off, boosting sales of mainframes, mid-range computers, workstations and storage products. Even the troubled personal computer division did better, although IBM's new management said it remained less than satisfied by the performance.

The group was wise to warn that such impressive progress is probably unsustainable. The management's ability to co-ordinate a company with sales of $64bn is always going to be limited. And IBM must compete against far more focused and nimble suppliers in its sub-markets. Although the shares have performed well in the last 18 months, the stock continues to trade on a price earnings discount to the market and at an extremely modest cash-flow multiple. Additional proof of IBM's long-term recovery will be required before the shares outperform further.

FT-SE Eurotrack 200:
1372.0 (+4.0)

US computer manufacturers

Share prices relative to the S&P Composite



Source: Datastream

Rothmans/Richemont

Shareholders in Rothmans International have long expected a bumper pay-out. The tobacco company is already sitting on close to £700m of net cash, and its annual free cash flow before dividends amounts to around £300m. Given few acquisition opportunities in tobacco, and the fact that cash is a poorly performing asset, this money was always likely to be distributed somehow.

However, the 28 per cent premium offered by its largest shareholder, Richemont, looks sufficiently generous to succeed. The share structure of Rothmans, with units of UK and Netherlands registered shares, make it difficult for the company to pay out large dividends without suffering excess taxation. Furthermore, Richemont already owns 61 per cent, and has no theoretical need to pay a premium for control. The shares have outperformed the market by 27 per cent over the past year, so there should be no accusations of opportunism. And tobacco company valuation should always be tempered by the potential for litigation, even if Rothmans does not operate in the particularly litigious US.

From the buyer's point-of-view, it also looks attractive. Richemont may have to dole out £1.6bn to Rothmans' minority shareholders, but given the tobacco company's existing cash resources and cash flow, it could pay that off in three years. The South African Rupert family, which controls Richemont, can therefore use tobacco cash to fund its dream of building up a European/African media empire. And such ambitions do not come cheap.

Peugeot Citroën

The weak dollar has cast a pall over European automotive stocks in recent weeks, but the near 5 per cent gain in the Peugeot Citroën share price yesterday shows investors have not become totally jaded with the sector. The reaction was deserved; the group's return to profitability was better than expected, and the FFr6 dividend higher than hoped for.

The most impressive feature was the operating margin. It rose from 2.9 per cent in the first half to 5.9 per cent in the second, reflecting better capacity utilisation and steadily improving productivity. Further improvements should ensure that in the next two to three years earnings and margins will climb back towards the peak achieved in 1989, when margins came close to 13 per cent and net profits exceeded FFr10bn ($2.1bn). Such levels may prove unattainable during this economic cycle, given the weaker outlook for the European market and the impact of currency appreciation. Peugeot will suffer because the bulk of manufacturing costs are incurred in francs, while nearly 30 per cent of its turnover comes from the soft currency markets of the UK, Spain and Italy.

But the shares still look extremely good value. If earnings peak in two years at FFr195 per share, they are on a multiple of about 3½. This is more derisory than the rating accorded to Chrysler before the bid approach from Mr Kirk Kerkorian, and gives no credit for the scale of the turnaround wrought by management.

SmithKline Beecham

SmithKline Beecham should soon emerge from the shadow of Tagamet. Many believed last May's expiry of the US patents for its then top-selling medicine would send the Anglo-American group sharply into reverse. They were wrong: excluding one-off items, year-on-year pre-tax profits rose 2 per cent in the first quarter. That was mostly thanks to new pharmaceuticals: their sales expanded by 48 per cent, more than compensating for Tagamet's collapse. After next quarter, sales will suffer far less from unflattering year-on-year comparisons, and the full strength of the post-Tagamet SB will become apparent.

A few wrinkles remain. Consumer healthcare margins dropped marginally, while those for pharmaceuticals fell 2.3 percentage points to 29.8 per cent. However, the meagre dividend increase was the main cause of yesterday's share price dip. The market's disappointment was understandable, even if the group's stinginess was justifiable. SB faces the possibility of a net cash outflow this year because of a one-off tax charge for repatriating ownership of assets from a US subsidiary. SB's conservatism is prudent in the light of its high gearing.

The company's surprisingly strong performance has been reflected in the shares, which have outperformed the FT-SE 100 index by 37 per cent since January 1994. They are now trading at a prospective price earnings premium of 16 per cent. With investors once again weighing the attractions of cyclical stocks, SB looks fully priced.

Additional Lex comment on Mirror Group, Page 29

Chirac wards off criticism with defence of strong franc

By John Ridding in Paris

Mr Jacques Chirac, the Gaullist front-runner in the French presidential contest, yesterday stressed his commitment to a strong franc and an independent central bank in an attempt to ward off potentially damaging criticism of his financial policies ahead of Sunday's first round of voting.

The dispute, which was triggered by Mr Chirac's criticism of Mr Jean-Claude Trichet, the governor of the Bank of France, has shaken the French currency and provided ammunition for his presidential rivals. Mr Edouard Balladur, the prime minister who is also a Gaullist and is lagging in the presidential race, has sought to capitalise on the issue, accusing Mr Chirac of threatening the stability of the franc.

Mr Chirac dismissed the attack. "I have never called into question the independence of the Bank of France or criticised it", he said on RFI radio. "I only said that each institution must do its job," he added, referring to comments last week which accused Mr Trichet of interfering in economic policy by emphasising the need for wage restraint.

In a television interview on Wednesday night Mr Chirac said he had previously received a letter from the central bank governor which commended him for his "firm support for the franc".

However, Mr Trichet yesterday demonstrated the continued sensitivity of the issue. In an unusual step he issued a reminder that the monetary policy council of the Bank of France was the legal guarantor of price stability under legislation granting it independence at the beginning of last year. The dispute and the resulting concerns about Mr Chirac's monetary stance has shaken the French franc, forcing it down by more than 5 five centimes against the D-Mark to its lowest level for a month this week. Yesterday, the French currency regained some ground, closing in Paris at 3.543 against the D-Mark.

With the first round of presidential voting on Sunday, however, Mr Balladur sought to maintain the pressure.

Mr Chirac's camp described the assaults as a final attempt by Mr Balladur to catch his electoral rivals. Lagging in opinion polls behind Mr Chirac and Mr Lionel Jospin, the Socialist contender, Mr Balladur faces an uphill task in reaching the decisive second-round run-off which takes place on May 7.

Editorial Comment, Page 21

Kohl urges US to back $

Continued from Page 1

policies," he said. If they were supported in other areas like fiscal policy, exchange rates would reflect this.

Philip Coggan, Markets Editor, writes: Despite Mr Kohl's comments, the markets remained nervous about selling the dollar ahead of the G7 meeting. The US currency continued Wednesday's rally and closed in London 1½ pfennigs higher at DM1.3704, from DM1.3542. Against the yen it advanced to Y82.665, from Y81.08.

In Europe, most currencies advanced against the weaker D-Mark. Sterling rose two pfennigs to reclaim the DM2.20 level, closing at DM2.2096. The French franc rose half a centime to FFr3.543 to the D-Mark from FFr3.548.

IBM results improve

Continued from Page 1

"We are pleased with the first-quarter results, but we fully recognise that we are benefiting from generally strong business conditions around the world and have many things left to do," Mr York added.

IBM does not expect record results for the year, said Mr York. Cost reductions continued, however, much of the improved performance came from revenue growth.

Strong performance in hardware and services were the principle drivers of growth in the first three months. Mainframe and mid-range sales grew strongly. Total hardware sales were $7.7bn, an increase of 23.3 per cent. Services grew by 33.2 per cent to $2.4bn.

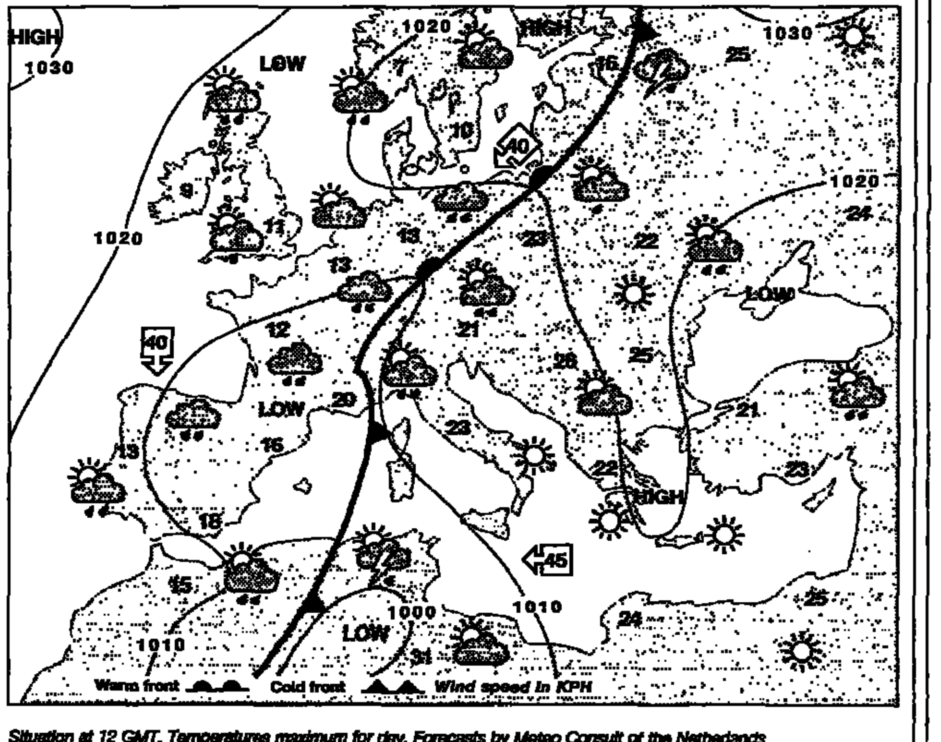
FT WEATHER GUIDE

Europe today

High pressure will build over Scandinavia producing cloudy and dry conditions. However, low pressure west of Scandinavia will bring showers along the western coast. The same low will bring cloud and rain to Scotland and Ireland. The Low Countries will have sunny periods but cloud will drift in from the south-east during the afternoon. A wavering front will move across France and Germany into Russia, resulting in cloud and showers over central Europe and northern Italy. Northern Spain will have more rain but southern Spain will have sunny periods mixed with showers. High pressure will produce abundant sunshine in Greece, southern Italy and most of south-east Europe.

Five-day forecast

Easterly winds will move warmer air over the continent, resulting in rising temperatures during the weekend. A wavering front will remain almost stationary and will continue to bring rain to central Europe. South-east regions will stay sunny. After the weekend, the wavering front and an associated rain band will move north over south-east and central Europe into France and the southern UK.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	36
Accra	shower	34
Algiers	rain	18
Amsterdam	cloudy	12
Athens	sun	21
Atlanta	thund	27
B. Aires	fair	23
B.ham	cloudy	10
Bangkok	shower	36
Barcelona	shower	16
Beijing	sun	27
Belfast	shower	9
Belgrade	fair	26
Berlin	cloudy	17
Bermuda	fair	24
Bogota	fair	20
Bombay	sun	33
Brussels	cloudy	12
Budapest	fair	25
C.hagen	shower	9
Cairo	sun	25
Cape Town	shower	21
Caracas	fair	30
Cardiff	fair	10
Casablanca	rain	18
Chicago	thund	16
Cologne	shower	13
Dakar	sun	25
Dallas	fair	28
Delhi	fair	35
Dubai	sun	36
Dublin	shower	9
Dubrovnik	sun	22
Edinburgh	shower	10
Faro	shower	17
Frankfurt	shower	16
Geneva	rain	17
Gibraltar	shower	17
Glasgow	shower	10
Hamburg	shower	13
Helsinki	fair	12
Hong Kong	rain	26
Honolulu	fair	29
Istanbul	sun	19
Jakarta	fair	32
Jersey	fair	9
Karachi	fair	36
Kuwait	sun	33
L. Angeles	sun	19
Las Palmas	fair	22
Lima	fair	27
Lisbon	shower	13
London	fair	13
Lux.bourg	drzzl	12
Lyon	rain	17
Madeira	cloudy	18
Madrid	shower	11
Majorca	cloudy	19
Malta	fair	20
Manchester	drzzl	10
Manila	fair	33
Melbourne	fair	18
Mexico City	sun	26
Miami	fair	31
Milan	rain	17
Montreal	cloudy	14
Moscow	fair	23
Munich	cloudy	20
Nairobi	thund	29
Naples	fair	23
Nassau	shower	30
New York	shower	18
Nice	rain	18
Nicosia	sun	22
Oslo	shower	10
Paris	shower	11
Perth	sun	26
Prague	fair	23
Rangoon	sun	36
Reykjavik	fair	4
Rio	rain	26
Rome	fair	22
S. Frsco	sun	19
Seoul	shower	22
Singapore	fair	32
Stockholm	fair	11
Strasbourg	shower	18
Sydney	shower	22
Tangier	shower	16
Tel Aviv	sun	23
Tokyo	fair	21
Toronto	rain	14
Vancouver	fair	13
Venice	shower	19
Vienna	sun	24
Warsaw	fair	23
Washington	shower	21
Wellington	rain	15
Winnipeg	fair	10
Zurich	shower	18

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FINANCIAL TIMES
COMPANIES & MARKETS
Friday April 21 1995

IN BRIEF

General Motors jumps by a third

General Motors lifted underlying net earnings by a third in the first quarter as the company continued to record a turnround in its core North American automotive operations. The results came despite a loss of market share and weaker car sales in North America, and indicated that the US's biggest motor manufacturer was making headway in boosting its domestic manufacturing efficiency. Page 27

US drug groups show mixed results
First-quarter figures from US drug companies presented a mixed picture. Schering-Plough and Bristol-Myers Squibb increased first-quarter earnings by 15 per cent and 13 per cent respectively. However, American Home Products showed earnings per share down 3 per cent. Page 25

Packaging group grows in central Europe
Compagnie Financière pour l'Europe Centrale (Cofinec) is emerging as one of central Europe's first large post-communist industrial groups. In just six years, the group has acquired three former state-owned packaging plants in Hungary and the Czech Republic, to give it a 30 per cent share of the region's fast-growing packaging sector and an annual turnover of $120m. Page 24

Salomon seeks to regain credibility
Salomon Brothers has been savaged by losses and rocked by resignations following a controversial new pay scheme, adopted last October. Responsibility for improving matters rests with Mr Deryck Maughan, Salomon's British-born chairman and chief executive, who on Monday announced a management reorganisation. Page 25

Compaq flat despite sales jump
Compaq Computer, the world's largest personal computer maker, reported flat first-quarter earnings, on a 30 per cent jump in sales. The results were in line with expectations. Page 24

North American side lifts Albert Fisher
Albert Fisher, the food processor and distributor, lifted interim operating profits by 11 per cent to £22.6m ($36.6m) helped by North American activities which overcame a flat performance in Europe. Page 29

CentreGold hit by games downturn
CentreGold, the video and computer games company, yesterday blamed the downturn in the cartridge video games market in Europe and the US for a £3.88m ($6.28m) loss compared with a pre-tax profit of £2.55m a year ago. Page 28

SmithKline helped by animal health sale
Acquisitions and disposals last year worth more than $7bn boosted first-quarter performance at SmithKline Beecham, the pharmaceuticals company. Pre-tax profit rose by 147 per cent to £872m (£358m) thanks to an exceptional £512m gain on the sale of its animal health business to US rival Pfizer. Page 28

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Beiersdorf	980	+	22
Hochtief	778	+	23
Falls			
Goldschmidt	790	–	10
Heidelb Zem	1060	–	35
Rheinelektra	1040	–	35
Wella	968	–	12
NEW YORK ($)			
Rises			
Compaq	35¾	+	3¼
IBM	89⅝	+	2⅝
Falls			
Digital Equip	42⅛	–	1
Motorola	52⅝	–	1
Quantum Health	17⅛	–	2½
US Healthcare	29¾	–	3½
LONDON (Pence)			
Rises			
On Demand	90	+	15
Pearson	557	+	12
Rothmans	606	+	118
Falls			
Cantab Pharm	113	–	20
Crest Nicholson	65	–	8
SIG	227	–	16
TORONTO (C$)			
Rises			
Rogers Comms	19⅝	+	1⅛
Rothmans	90½	+	1⅛
Xerox	53⅛	+	1⅛
Falls			
Chrysler	61⅛	–	3
Dofasco	17⅛	–	⅞
Fairfax Fin	75	–	1

PARIS (FFr)			
Rises			
Alcatel Alsthom	452	+	13.5
Bouygues	593	+	19
Immobanque	605	+	23
Peugeot	682	+	30
St Gobain	641	+	15
Falls			
LVMH	908	–	33
TOKYO (Yen)			
Rises			
Hitachi	875	+	15
Kansai Elec	2360	+	10
Mitsubishi Oil	882	+	18
Sumitomo Metal	758	+	9
Toshiba	663	+	8
Toyota Motor	1710	+	40
HONG KONG (HK$)			
Rises			
HSBC	91.5	+	0.7
Hang Seng Bk	53.25	+	0.5
Hutchison	35.1	+	0.6
TV Broad	30	+	1.2
Wing Lung Bk	41.2	+	0.4
Falls			
Henderson Land	43.4	–	0.3
BANGKOK (Baht)			
Rises			
Ban Pu Coal	440	+	18
Int Eng	149	+	8
Thai Glass	91	+	7.5
Falls			
Alphatec Elec	388	–	8
Prop-Perfect	208	–	10
Union Bank	72	–	8

New York & Toronto prices at 12.30.

IRI abandons groups' proposals to buy 61% stake in Italian telecoms company

Bank plan for Stet sale rejected

By Andrew Hill in Milan and Nicholas Denton in London

IRI, the Italian government holding company, yesterday abandoned proposals by two rival groups of Italian banks to buy the state's majority stake in Stet, the Italian telecommunications company.

The holding company also acknowledged that the absence of a regulatory authority for the Italian telecoms sector would make it impossible to stage a rapid sale of the 61 per cent stake.

The privatisation of Stet, which is already quoted in Milan, is one of the biggest and most keenly awaited Italian state sell-off. IRI's stake is valued at some L11,000bn ($6.4bn). The banks had proposed selling most of the shares to a core of shareholders and placing the rest on the market.

However, IRI said yesterday it would now pursue a more conventional route by appointing banks to act as global co-ordinators for a placing of shares on the national and international markets. Mr Antonio Urcioli, an IRI director, said IRI had narrowed the original 26 candidates to a shortlist of 16 banks, about half of them Italian.

The government is hoping to privatise Stet in the autumn, but this timetable could slip if the political uncertainty over the regulation of the sector continues. The shortlist will now be sent to the government's committee on privatisation for discussion and co-ordinators could be nominated within a month.

Mediobanca, the Milan merchant bank, and its banking allies, Credito Italiano (Credit), Banca Commerciale Italiana (BCI), and Banca di Roma, first proposed buying the entire Stet stake in March after IRI invited proposals from potential global co-ordinators. A rival grouping of IMI, Cariplo, and Istituto Bancario San Paolo di Torino suggested a similar solution.

The plans enraged international investment banks, many of which are also candidates for the job of global co-ordinator. They were worried that Mediobanca and its allies would extend their influence over an important part of the Italian economy. The Italian banks argued that they merely wanted to strengthen the partnership between banks and industry.

IRI said yesterday that delays in approving a telecoms regulator in the Italian parliament had made it impossible for the two groups of banks "to supply all the elements needed to define an offer". The Mediobanca solution would have enabled IRI to sell the stake more quickly than through a public offer.

However, the sale still seems likely to provide for a core of stable shareholders, dominated by Italian companies. Mr Lamberto Dini, the Italian prime minister, has said the government should encourage a balance between a hard core and wider share ownership.

Stet in Cuban venture, Page 27

Peugeot returns to black with FFr3bn

By John Ridding in Paris

Peugeot Citroën, the French car group, returned to the black last year, exceeding market forecasts with a net profit of FFr3.1bn ($640m), compared with a loss of FFr1.41bn in 1993.

Mr Jacques Calvet, chairman, said the turnround was a marked improvement on a deplorable 1993. He cited productivity measures, reduced financial charges and the success of new models as important factors in the recovery.

But the Peugeot chief expressed concerns about the impact of exchange rate movements and described market conditions as "still very uncertain". He cut his forecast for growth in the European car market from 3 per cent to 2.2 per cent for 1995 and called for compensation for companies suffering from movements in European currencies.

"It is necessary to envisage seriously a system to compensate industrial companies while we await the imposition of a single currency," he said. He claimed that 1 per cent falls in the Italian lira and in sterling against the franc cut Peugeot's profits by FFr30m and FFr145m per year respectively.

Despite his frustrations with external factors, Mr Calvet struck an optimistic tone. The company announced it was restoring the dividend, with a payment of FFr6 per share, while investors pushed the share price up FFr30 to FFr682.

Mr Calvet said that the company had regained its leadership of the French market, increasing its share from 29.7 per cent to 31.1 per cent. In western Europe, Peugeot Citroën raised its share of the market from 12.4 per cent to 12.8 per cent, maintaining its third position and closing the gap on General Motors.

Vehicle sales during the year increased to 1.99m, compared with 1.76m in 1993, pushing turnover up by 14.3 per cent to FFr166.2bn. Mr Calvet pointed to a strong performance across the model range and to successful launches of the Citroën ZX estate, its MPV vehicles, the 306 cabriolet and utility vans such as the Boxer.

The Peugeot chief forecast further important launches this year and said the company would also pursue its strategy of international expansion. "We are still too concentrated on Europe," he said. Peugeot is considering a return to the US.

Lex, Page 22

Raymond Snoddy finds a tougher climate in the sector

UK cable adopts a new sense of reality

This week's decision by General Cable, the French-owned UK cable communications group, to cut sharply the flotation price of its shares suggests a cooling of investor enthusiasm for the sector.

Britain's relaxed regulatory regime, allowing cable television companies to offer domestic and business customers an array of telephone services, has attracted a host of cable companies, many of them foreign owned, and put the UK at the front of the much-vaunted global move towards an "information superhighway".

When US-owned TeleWest Communications, the largest UK cable operator, floated last November its offering in London and New York was six times subscribed.

But to get its international offer away, General Cable had to cut its share price from a range of 220p-255p to 190p. The stock dipped when trading began yesterday to close at 186p in London.

What has produced the tougher climate? It may be due partly to the sheer supply of new UK cable stocks, with five companies having floated in London and/or New York over the past year and another big issue – that of Nynex CableComms – due this summer.

In addition, investors are increasingly aware of potential pitfalls for an industry which is expected to invest about £10bn to wire Britain for cable, and which is unlikely to generate significant profits until after 2000.

Further, the cable companies face an increasingly ferocious competitive environment, with British Telecom and other phone companies battling for telecommunications customers, and the satellite television industry, most notably Mr Rupert Murdoch's BSkyB, fighting for viewers.

However, there is a danger in overstressing the change of mood. As Mr Jon Davey, director of cable and satellite at the Independent Television Commission, points out: "Cable has now succeeded in achieving a level of interest and investment that we scarcely dreamt of a few years ago."

The stronger financial base means that cable companies have been pushing ahead rapidly with constructing cable networks and this year are expected to pass a total of 2.6m homes compared with 1.38m in 1994 and only 831,000 in 1993.

At the beginning of this year there were 909,043 homes connected to broadband cable in the UK with 649,350 residential telephone lines installed and 68,236 business lines. The growth of cable subscriptions has continued this year and sometime this month the total should pass the symbolic 1m mark.

The main driver behind the expansion is the fact that the cable industry enjoys two revenue streams which can be marketed to reinforce each other – television and telephony.

Mr Philippe Galteau, managing director of General Cable, argues that providing telecommunications services to business is so potentially lucrative that it represents a third revenue stream.

That said, the growth in both telephone and cable revenues is spread unevenly between the operators, and depends partly on the characteristics of the areas where they have franchises. For example, Mr Neil Blackley, media analyst at stockbrokers Goldman Sachs, points out that Videotron, the French Canadian cable company with franchises in London and Hampshire, has revenues of about £200 a month per line from business telephone services, though this high figure may have been due to "early cherry picking". The TeleWest figure is closer to £70 a line, according to Goldman Sachs.

Furthermore, two of the most important indicators of the industry's growth give cause for concern. One is the penetration rate – the ratio of homes which could subscribe to those actually doing so – and the other is churn, the industry description for lost subscriptions or disconnections.

The penetration rate has stuck at between 21 and 22 per cent after a peak of 22.5 per cent two years ago. Operators believe better marketing, improved programming and discounts on telephone bills will push it up.

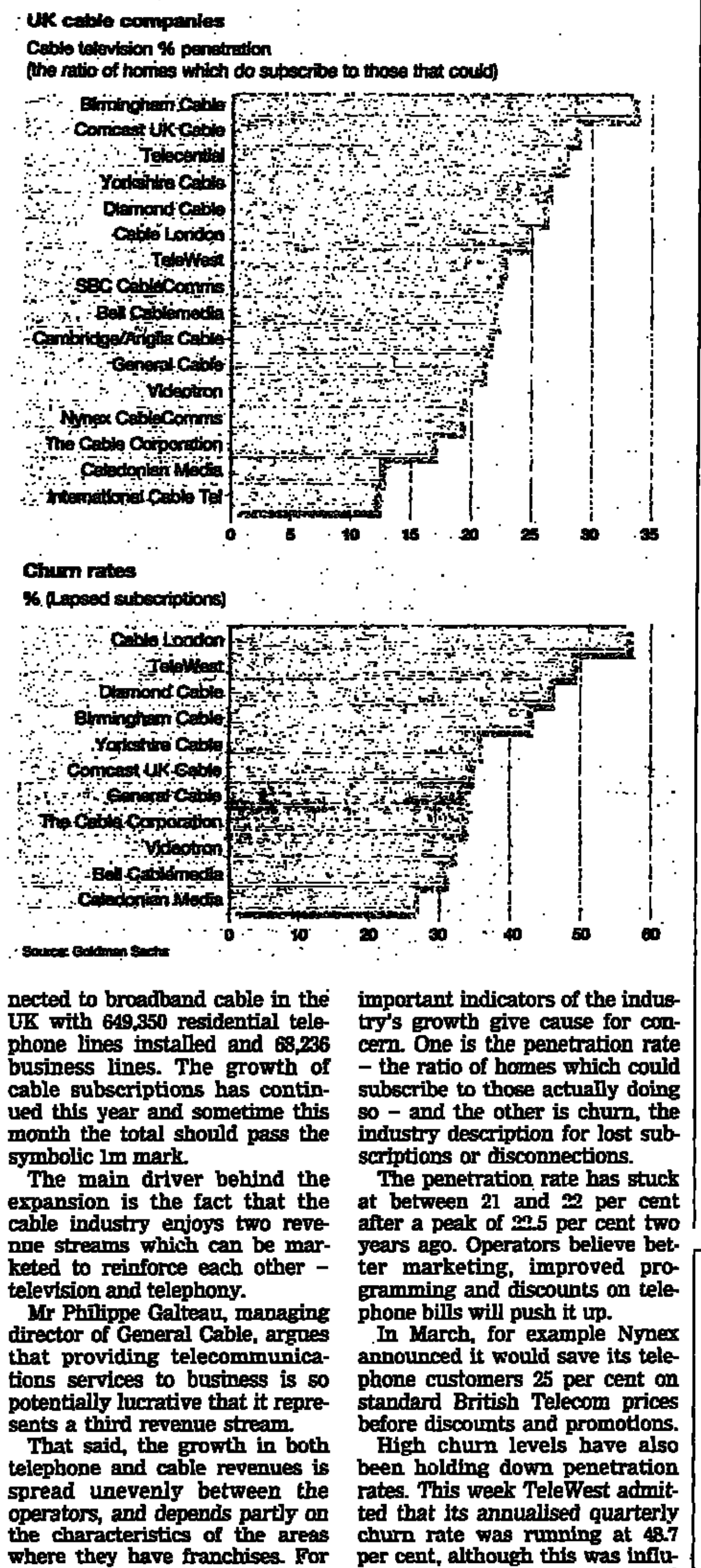
In March, for example Nynex announced it would save its telephone customers 25 per cent on standard British Telecom prices before discounts and promotions.

High churn levels have also been holding down penetration rates. This week TeleWest admitted that its annualised quarterly churn rate was running at 48.7 per cent, although this was influenced by a disastrous free trial scheme last year.

The cable companies are also trying to build up cable exclusive channels – such as the Mirror Group's Live TV which launches in June – to boost the overall offering in the competition with satellite television.

But as General Cable showed yesterday, cable share prices may yet have some way to fall before the industry's longer-term potential becomes clearer.

Battle lines



Source: Goldman Sachs

Prospects of Kerkorian bid for Chrysler fade

By Richard Waters in New York

The prospects for Mr Kirk Kerkorian's proposed $22.8bn hostile bid for Chrysler appeared to diminish yesterday as a number of the country's biggest banks indicated that they were unlikely to back a deal.

Indications that Mr Kerkorian would have difficulty raising the $12bn of debt he has proposed to back the leveraged bid came the day after Bear Stearns ruled itself out as a adviser on the buy-out. The Wall Street firm had indicated last week that it had been appointed to advise Mr Kerkorian.

Fears that Chrysler's biggest shareholder may not be able to raise the finance for his proposed bid hit the company's shares, pushing them down $1⅞ to $44⅝ during the morning and putting them well below the $55 in cash that the Las Vegas-based investor has proposed to pay.

New York Bankers said that the strong financial position of the country's biggest banks meant that large sums of money were available to back takeovers. However, to raise $12bn or more in debt, a borrower would need the support of one or more of the domestic banks which dominate the syndicated loans market: Chemical, Citicorp, JP Morgan, BankAmerica and Chase Manhattan.

A number of these banks have already committed themselves to lending part of the $8bn that Chrysler Financial, the company's financial services arm, is raising to refinance its outstanding debt. By siding with the deal, the banks have effectively signalled their intention not to back the buy-out proposal.

Meanwhile, banks involved in the $8bn facility are discussing measures to protect themselves in the event of a buy-out, as this could damage Chrysler's financial standing. As a result, Mr Kerkorian could be forced to arrange more than $20bn in debt in total to back a takeover, making the prospect of a bid less likely.

BankAmerica, which has been one of Mr Kerkorian's main banks, refused yesterday to say if it would back his proposal. The California-based bank also has long-standing dealings with Chrysler and was listed by the motor manufacturer yesterday as one of its main banks.

Citicorp, which has a relationship with neither side, is believed to have decided not to back Mr Kerkorian. "There are some problems with the deal," said one person close to the US's biggest bank.

Chrysler said it had contacted all its main bankers to tell them that it was opposed to a buy-out.

Bear Stearns said late last week that it had agreed to advise Mr Kerkorian.

Late on Wednesday, though, it reversed course, stating that it had not been officially appointed, but that it would continue to advise the investor "informally... on a number of matters".

GM results, Page 27

Chairman of WR Grace dies after 47 years at the helm

By Tony Jackson in New York

Mr Peter Grace, chairman of W.R. Grace, the US chemicals company, has died at the age of 81, three weeks before he was due to be removed from office at the company's annual meeting.

Mr Grace, who joined the company in 1936, was chief executive officer for 47 years before handing over the job in 1992. At the start of last month he was plunged into controversy with the sudden resignation of his successor, Mr J. P. Bolduc. Investment institutions insisted he resign, along with all other board members over the age of 70.

The company, which was founded by Mr Grace's grandfather in 1854, said yesterday that Mr Grace had "transformed the company from an ailing Latin American shipping and trading firm into a 20th century international industrial giant".

He took on the presidency of the company in 1945, when its market value was $50m, and steered it into the chemicals industry through acquisitions. It is now the world's largest producer of speciality chemicals, with a market value of more than $5bn.

Mr Grace became known to the wider US public in 1984 as head of the Grace Commission, set up by President Reagan, to root out inefficiencies in government spending. The commission claimed that spending cuts of more than $400bn were achievable within three years. However, it came under fire for straying into policy making.

The final weeks of his life were marred by controversy. The resignation of Mr Bolduc, who was highly regarded by outsiders, was followed by allegations of sexual harassment, which Mr Bolduc denied. At the same time, it emerged that Mr Grace had enjoyed benefits from the company which had not been disclosed to the Securities and Exchange Commission. As laid out in W.R. Grace's proxy statement ahead of next month's annual meeting, these ran to several million dollars last year.

In a farewell speech to the board two weeks ago, Mr Grace angrily defended those payments and others to his son, and referred to "red-herring schemes" by Mr Bolduc to force him out for non-disclosure.

After the annual meeting, Mr Grace was to remain as honorary chairman. In this capacity, he said, he would attend every board meeting and "give my full support to this great company".

W.R. Grace's shares rose $1¾ to $53⅝ in early trading yesterday.

Compaq Computer shares jump despite flat earnings

By Louise Kehoe in New York

Compaq Computer, the world's *largest personal* computer manufacturer, reported flat first-quarter earnings, on a 30 per cent jump in sales. The results were in line with Wall Street expectations and the company's projections.

Revenues for the quarter were \$2.96bn, up from \$2.3bn in the same period last year. Net income reached \$216m, or 80 cents a share, compared with \$213m, or 80 cents, in last year's first quarter.

Although Compaq's performance did not match the strong results announced by other high-technology companies such as IBM, Sun Microsystems, Intel and Microsoft over the past few days, the company's share price jumped \$2¼ to \$34¼ in early trading amid enthusiasm for the computer sector.

"During the quarter Compaq successfully managed the largest product transition in company history," said Mr Eckhard Pfeiffer, *president* and chief executive. The company introduced products in every category including desktop, server and consumer PCs.

Last month, Compaq introduced more than 100 new models of its desktop PCs, most based on the Intel Pentium microprocessor chip. Compaq has lagged most of its competitors in shifting to Pentium.

The desktop products were followed by new servers, for use with PC networks, and new consumer PCs.

Demand remained strong in all product areas, Mr Pfeiffer said. However, the company's ability to meet demand was hampered by shortages in server products and add-on options, by product mix, and by *distribution constraints*.

Unstable economic conditions in Latin America had a marked impact on Compaq's business in that region.

"Compaq continues to be optimistic about market opportunity," said Mr Pfeiffer. "With a strong new product line-up in place and aggressive second-quarter plans to phase out our older products, we are in an excellent position to compete for additional market share."

Portuguese Marconi president resigns

By Peter Wise in Lisbon

Mr João Mello Franco resigned yesterday as president of Companhia Portuguesa Rádio Marconi, Portugal's interna*tional telecommunications* operator, shortly before the completion of a merger with state-owned Portugal Telecom.

Analysts attributed his decision largely to pressure from Portugal Telecom to establish one of its own executives as Marconi president before an international offer of 25 per cent to 30 per cent of Portugal Telecom in May.

Mr Alexandre Kühl de Oliveira, a member of the board of Portugal Telecom, was expected to be named as the new president of Marconi today. Mr Mello Franco is to take up a post with a private-sector industrial group.

Bankers involved in the offer said they considered the resignation a routine management change with no special *significance for the privatisa*tion. But Mr Mello Franco was known to be unhappy with changes to the original plan for the merging of Marconi, which is 49.6 per cent privately-owned, with Portugal Telecom. He opposed the timing of the transfer of the state's 50.4 per cent holding in Marconi to Portugal Telecom on April 7. The transfer was not due until a floor price for the offer has been set on April 27.

Marconi's private shareholders are being offered PT shares in exchange for their Marconi shares on the basis of a Marconi share valuation of Es6,500. The price values Marconi at Es101.4bn (\$709m).

Mr Mello Franco was expected to leave Marconi after the merger and the Portugal Telecom sale. But it is thought he has given way to pressure for a new president to be in place before an investor road show and the book-building process for the Portugal Telecom offer begin in May.

The banks arranging the offer – Merrill Lynch, UBS and S.G. Warburg – are confident the government will set a realistic floor price for Portugal Telecom to ensure the shares perform well.

CNP gives details of sell-off

By Andrew Jack in Paris

Caisse Nationale de Prevoyance, the insurance group, *yesterday gave details* of its partial privatisation plan.

The group said 30 per cent of its shares would be publicly quoted, while the *stake* held directly by the state would fall to 5 per cent from 42.5 per cent. Negotiations are under way with private-sector partners to take strategic holdings.

The Caisse des Dépôts et Consignations, the French state financial institution, will retain its 30 per cent holding. The stake held by the post office will rise to 22.5 per cent from 17.5 per cent, and that by Groupe Caisse d'Epargne, the state-controlled deposits agency, to 12.5 per cent from 10 per cent.

The move towards partial privatisation, which could take place this year, has been clarified following CNP's agreement on a new contract with the post office for the sale of its products over the next 10 years. Much of the eventual value of the shares depends on this and its other distribution networks.

Life assurance income rose most sharply at the post office, up 31 per cent from the previous year, with a 13 per cent increase from policies sold through the public treasury and an 8 per cent rise from the Caisse d'Epargne.

In its 1994 results, presented yesterday, CNP reported over*all turnover up 18 per cent to* FFr76bn (\$15.8bn), and said it had 7.18m contracts under management. It said the increase in income had been accompanied by "vigilance" in the management of risks being taken on.

Profits rose 12 per cent to FFr1.42bn, while management costs as a proportion of premium income fell to 2.8 per cent compared with 3.1 per cent last year. The board proposed to lift the dividend to FFr4.20 a share, or FFr3.75 on a comparable basis.

Lagardère earnings improve 20%

By Andrew Jack

Lagardère Group, the diversified French defence and electronics company, yesterday reported a 20 per cent increase in 1994 net profits to FFr615m (\$128.1m).

At the same time, Matra Hachette, the high-technology group which it controls, said net profits rose 29 per cent to FFr812m for the same period.

The group adjusted its comparative figures for 1993 to take into account its purchase of the controlling stake in Matra Hachette at the start of last year. Its shareholding rose at the time to 93.3 per cent from 37.6 per cent.

Turnover at Lagardère fell 2 per cent to FFr53bn and operating profits were down 11 per cent to FFr2.6bn, but net profits were lifted by a sharp reduction in group financial costs to FFr297m compared with FFr617m and a fall in exceptional charges to FFr289m against FFr548m.

It said that improvements in its telecoms, automotive, distribution and media divisions offset declines in defence and transport – a sector in which it said it made a loss on an export contract.

The board recommended a dividend of FFr2.70, up from FFr2.50.

● Christian Dior, the French luxury goods group, reported net income up 44 per cent to FFr1.26bn last year. Turnover rose 17.2 per cent to FFr28.9bn. The group recommended a dividend of FFr13, up from FFr9.

Success that grew from a solid core

East European packaging venture sets its sights on western rivals

A small central European investment company set up in 1989 by Mr Carlo De Benedetti, the Italian industrialist, and now headed by Mr Hans-Jörg Rudloff, former chairman of Credit Suisse First Boston, is emerging as one of the region's first significant post-communist industrial groups.

In just six years, Compagnie Financière pour l'Europe Centrale (Cofinec) has built a group with annual turnover of \$120m and a market share of about 30 per cent in the region's fast-growing packaging sector, its core business. Cofinec started with \$10m in capital.

It has acquired three former state-owned packaging plants in Hungary and the Czech Republic and is investing \$25m to build a fourth in Poland. It is negotiating to acquire a company in Slovakia and plans to expand into Romania within the next two years.

The group has invested \$125m in the region, including the Polish plant, with the latest funds coming from a capital increase which brought in Mr Rudloff as a shareholder and the new chairman. Other shareholders include the European Bank for Reconstruction and Development, CS First Boston's Central European Growth Fund and other western institutional investors.

Mr Stephen Frater, Cofinec's Hungarian-American chief executive and co-founder, says that unlike most financial investors in the region, "we decided not to sprinkle around our money in many different projects but to concentrate on a core industry and to invest only where we had operational control".

Mr Frater, a former Wall Street banker, approached Mr De Benedetti in 1989 after deciding to return to Budapest following a business trip to *Hungary with Mr George* Soros, the Hungarian-born speculator.

Cerus, the Paris-listed holding company for the De Benedetti family's non-Italian business interests, provided \$5m of Cofinec's start-up capital. Western financial institutions including Banque Nationale de Paris, Union des Assurances de Paris and Lehman Brothers put up the rest.

After investing in a Hungarian porcelain manufacturer, one of the country's traditional mainstays, and in an office block, Cofinec plumped for the packaging industry.

It acquired Petofi Printing and Packaging, the largest Hungarian company in the sector, in September 1990. Mr Laszlo Sebesvari, Petofi's chief executive, says employees, who were given 7 per cent of the company by Cofinec, supported the sale. They feared that if sold to Austrian or German trade investors, the company *would become a marketing* and distribution subsidiary at the expense of local production.

Two years later, Cofinec persuaded the Hungarian privatisation authorities to sell Kner, Petofi's main competitor and the country's second packaging producer.

Mr Frater says a visit to a supermarket when he first returned to Hungary was enough to convince him to invest in the sector. In the days of central planning, marketing and packaging were neglected and eastern Europe's shops were filled with drab-looking and often unhygieni*cally packaged goods*.

"In eastern Europe, annual packaging consumption is 15kg-20kg a year – the same as in Spain and Portugal 20 years ago. Those countries now consume 30kg-35kg. We expect the same pattern here," he says.

The region was not only under-packaged, but quality standards in the sector were also below western levels. This problem required large investments in machinery and the use of better raw materials.

At Petofi, the group has invested \$35m in state-of-the-art equipment from Japan, Switzerland, Germany and Israel. Its products range from flip-top cigarette packets to silver-lined crisp packets and *glossy labels printed in up to* eight colours.

The company has raised much of its financing locally. It raised about \$15m for Petofi through a forint-denominated *corporate bond*, the first of its kind, in 1993. The group was the first manufacturing concern to receive a loan from the EBRD and has completed three transactions with the bank.

Cofinec's investments have allowed Petofi and Kner, which enjoyed near-monopolies in the Communist era, to move with the times. "Many of our clients are the same as before privatisation," says Mr Roland Palko, chief commercial officer at Petofi, which *remains* the group's flagship company, accounting for about two-thirds of turnover last year. "But, like us, our customers have been taken over by western companies and their requirements are now much greater."

He says the company's largest customer is Tungsram, the *electric* light-bulb manufacturer acquired by General Electric of the US, which exports its goods packaged in boxes made by Petofi.

Cofinec exports about 20 per cent of production directly and a further 50 per cent through customers which include PepsiCo, McDonald's, Unilever and Philip Morris. Much of the group's exports go to other *countries in the former eastern* bloc – which is one reason why it is investing in new plants in that region.

The group says its output – about 60,000 tonnes of packaging a year – puts it in the top 10 companies in the sector in Europe. It aspires to move in to the top five but will do so from its central European base.

Mr Frater says the company does not plan to expand production to western Europe: "It's a mature market with razor-thin margins. With a gross profit margin of 37 per cent in eastern Europe, why should Cofinec go west?"

Virginia Marsh

Saga wins approval for New York listing

By Karen Fossli in Oslo

Saga Petroleum, Norway's largest independent oil company, yesterday said the US Securities and Exchange Commission had approved a listing of its shares for trading from April 28.

Saga initiated the move in 1990 through an American Depositary Receipt programme. Two classes of shares will be listed and one ADR will be worth one share in New York.

Markets had not expected the listing before June, and Saga was initially sceptical of the move because reconciliation of Norwegian accounting rules to US GAAP rules appeared to outweigh its advantages. However, after building a strong US investor base, it became a logical step, the company said.

Last year, Saga entered the US bond market through the issue of two yankee bonds totalling \$200m.

No share issue is planned in conjunction with the US listing, which coincides with an upbeat period for Saga's shares traded in Oslo and quoted in London on Seaq.

The stock has gained more than 20 per cent in value this year and has outperformed the Norwegian market by nearly 25 per cent after languishing at low levels and suffering from a lack of liquidity for an extended period.

Mr Asbjorn Larsen, the president, next week starts an extensive round of company presentations in the US, where 25 per cent to 30 per cent of Saga's investors are based.

Mr Larsen will endeavour to lure investors with Saga's status as one of the world's largest independent upstream oil and gas companies, boasting reserves in more than 1.1bn barrels.

Saga participates in more than 50 domestic licences, of which it has operational responsibility for 17. Along with production, pre-tax profits increased successively during the past four years to hit a record NKr1.2bn (\$196.7m) in 1994.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 21.04.95 Pool purchase price £/MWh	Firm Prices for Trading on 24.03.95 Pool purchase price £/MWh	Firm Prices for Trading on 24.03.95 Pool selling price £/MWh
0030	9.50	8.79	8.79
0100	10.00	8.90	8.90
0130	10.36	11.63	12.34
0200	13.14	11.63	12.34
0230	16.60	8.90	8.90
0300	16.60	8.90	8.90
0330	13.14	8.90	8.90
0400	10.39	8.79	8.79
0430	10.30	8.17	8.17
0500	10.18	8.16	8.16
0530	10.36	8.77	8.77
0600	10.34	8.75	8.75
0630	10.36	8.75	8.75
0700	13.45	8.79	8.79
0730	22.52	8.03	8.75
0800	47.34	8.06	8.78
0830	47.42	14.77	15.51
0900	47.38	10.48	11.25
0930	22.64	11.09	11.88
1000	22.63	11.11	11.90
1030	22.64	11.08	11.87
1100	22.66	14.81	15.70
1130	22.69	11.06	11.84
1200	22.68	11.05	11.82
1230	22.61	10.99	11.75
1300	21.80	10.92	11.66
1330	21.14	10.08	10.80
1400	14.69	8.04	8.78
1430	14.68	8.90	8.90
1500	14.68	8.89	8.89
1530	14.30	8.89	8.89
1600	13.71	8.80	8.80
1630	19.24	8.80	8.80
1700	16.59	15.80	15.80
1730	19.24	8.91	8.91
1800	19.24	22.62	22.62
1830	19.24	8.12	8.88
1900	13.53	10.38	11.20
1930	10.30	11.27	12.12
2000	10.30	11.21	12.04
2030	13.53	10.91	11.64
2100	29.70	9.98	10.70
2130	29.70	14.69	15.40
2200	29.70	8.78	8.78
2230	13.44	15.79	15.79
2300	13.03	8.79	8.79
2330	13.03	15.79	15.79
2400	9.50	8.17	8.17

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8:30am and 5:15pm Monday to Friday.
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INTERNATIONAL COMPANIES AND FINANCE

New-look Salomon Bros seeks to regain credibility

Shake-up will help, but problems are deep-seated, says Maggie Urry

Savaged by losses and rocked by resignations, Salomon Brothers is in turmoil. A controversial new pay scheme, adopted last October, and a management reorganisation, announced on Monday, has caused intense dissatisfaction among some of the Wall Street firm's most senior people.

Last year's results – a headline pre-tax loss of $831m for the investment bank's parent, Salomon Inc – were the worst in the group's history, and significantly poorer than the rest of Wall Street. One in 10 of the firm's 200 managing directors has resigned in recent weeks.

Responsibility for improving matters rests with Mr Deryck Maughan, Salomon's British-born chairman and chief executive, who is well aware that structural changes in the industry are putting even more pressure on Salomon Brothers to reform. These changes include overcapacity and the possible repeal of Glass-Steagall legislation, which separates the securities and banking industries.

But Mr Maughan has already been at the helm for four years, and on Monday he lost some credibility when he appeared to weaken by easing the terms of the pay deal.

So far, however, Salomon's shareholders have been supportive. Mr Warren Buffett, the

Deryck Maughan: described 1994 losses as 'not acceptable'

US investment guru, controls 20 per cent of Salomon's shares through his Berkshire Hathaway group. He was instrumental in the appointment of Mr Maughan in August 1991, following the scandal over Salomon's actions in Treasury bond auctions. Mr Buffett, as a director, has also been closely involved in the restructuring and the pay deal.

Another 20 per cent of the shares are held by investors who follow Mr Buffett, and a further 20 per cent by management and employees, making for a stable shareholder base. But Mr Maughan knows that if Salomon Brothers does not improve soon, shareholders will become restless.

The results for 1994 read like a catalogue of mistakes. Even in the measured understatement of annual report language, Mr Maughan described the losses as "not acceptable".

Some of the blame can be laid on the turbulent market conditions all securities firms faced in 1994 – particularly those, like Salomon Brothers, with a bias to fixed income, as rising interest rates caused bond markets to collapse.

A large part of Salomon Brothers' $963m pre-tax loss was a $303m write-off of previously over-estimated profits. This, at least, should be non-recurring, since the errors were discovered by a new, more sophisticated and rigorous accounting system.

But Salomon Brothers compounded the poor trading background through bad management of its trading risks in the client-driven business, which lost $636m before tax. In the report, Mr Maughan admitted to "large losses in collateralised mortgages", which have been rumoured at $400m.

Risks were also taken in foreign exchange, with a wrong position early in the year blamed for most of the negative revenue of $63m.

The proprietary trading division, which trades for the firm's own account, lost $49m, although the New York fixed income traders had their second best-ever year. Losses in European equities wiped out their profits.

Bad as 1994 was, Salomon Brothers' problems are more deep-seated. Arguably, it never made the cultural transition from a private partnership to a public company after it floated in 1981, or from being a US bond house to a global investment bank.

Under Mr Maughan's leadership the firm has clawed its way back up the league tables, after losing clients in the wake of the 1991 scandal, has held non-compensation costs down and tightened its accounting controls. His strategy to address the firm's cultural problems has two main elements.

First, to bring back the strengths of the partnership system through the pay scheme, which should give managing directors an incentive to act like owners. Second, through Monday's reorganisation which divided the firm along business lines rather than geographically, to co-ordinate the efforts of the group around the world.

Pay is a vital issue to Salomon Brothers, since it represents by far the largest non-interest expense. Salomon Brothers' compensation was $1.36bn in 1994, two-thirds of total non-interest costs of $2.04bn. In 1993, a record profit year, compensation had been $445m higher at $1.81bn.

But the pay question is not simply a matter of cost cutting. High pay levels for certain individuals symbolise much of what is wrong with the firm and the industry. In the individualistic culture of the 1980s, star performers in the firm received huge salaries.

Last October's pay scheme again aimed to link pay to profits by setting a threshold return on equity below which managing directors in the client-driven business would receive a relatively miserly 35 per cent of their 1994 compensation. If the return exceeded the threshold the "partners" would take 40 per cent of the profits.

The minimum was well below market rates and Mr Maughan knew that it would result in resignations.

However, Mr Maughan now appears to have succumbed to pressure from the managing directors. The system has been amended, for one year at least, to reward good individual performances even if the threshold return is not achieved.

The management reorganisation aims both to improve service to clients and to control proprietary trading risks. For the first time, there will be one worldwide head for each of the three product areas – fixed income, equities and investment banking – in the client business. Similarly, one person – Mr Dennis Keegan – will take charge of proprietary trading worldwide.

The move recognises that deregulation around the world and improved technology have broken the barriers between geographical markets. A client seeking to issue shares, say, should be directed towards the most advantageous market.

Under the reorganisation Mr Keegan will also supervise the group's trading risks worldwide, hoping to prevent losses like those of 1994.

Salomon Brothers could be helped by the current slight improvement in trading conditions, and first-quarter results, due next week, should show an improvement from the fourth quarter last year. But it will take a lot more to convince Wall Street that Mr Maughan's strategies are working.

Mixed results at US drugs groups

By Tony Jackson in New York

First-quarter figures from US drug companies presented a mixed picture, with earnings performance ranging from 15 per cent growth to a 3 per cent fall. The pattern of sales growth was similarly mixed, with some groups reporting greater strength in the US market and some doing better internationally.

Results from American Home Products, as forecast earlier this month, showed earnings per share down 3 per cent at $1.30, due to the dilutive effect of last year's $9.7bn acquisition of American Cyanamid.

Including a one-off gain of $624m net, or $2.03 a share, from the $1bn sale of American Home's oral health business in South America to Colgate Palmolive earlier this year, net earnings were $1.02bn, compared with $416m.

On a pro forma basis, including results from American Cyanamid in both years, group sales were up 7 per cent at $3.5bn. US pharmaceutical sales were flat, while international sales were up 18 per cent.

US consumer healthcare sales were down 12 per cent, mostly due to the timing of promotional programmes in analgesics and cough remedies, but international sales were 15 per cent higher. Sales of agricultural products were up 31 per cent at $585m.

Schering-Plough said first quarter earnings were up 15 per cent to $279m, or $1.50 a share, on sales ahead 7 per cent at $1.2bn. Mr Robert Luciano, chairman, said he expected 1995 to be another good year of earnings growth.

Domestic sales of prescription drugs were up 16 per cent, with strong growth in respiratory, cancer and skin products. International pharmaceutical sales were up 2 per cent at constant currencies and 8 per cent after dollar weakness. Sales of non-prescription healthcare products were down 8 per cent at $194m.

Bristol-Myers Squibb's earnings were up 13 per cent at $657m, or $1.29 a share, on sales up 16 per cent at $3.3bn. One-third of the growth in sales was due to acquisitions.

Pharmaceutical sales were up 13 per cent, with good growth both in the US and internationally, the company said. For the group as a whole, US sales were up 11 per cent and international sales by 25 per cent, with 5 percentage points due to dollar weakness.

Warner-Lambert increased its earnings by 6 per cent to $201m, or $1.50 a share, on sales up 9 per cent at $1.6bn. Results were hit by a rise of almost 3 percentage points in the group's tax rate, and by a fall of $28m in Mexican sales due to peso devaluation. Peso weakness would reduce full year earnings by $0.15 a share, the company said.

As announced, Mr Melvin Goodes, chairman, said earnings for the full year should grow by 6-8 per cent on a sales increase in high single digits.

The company would also sell non-strategic assets, which would help it invest more heavily in its existing business, including the over-the-counter development of Zantac, the ulcer drug.

PaineWebber recovery follows sector trend

By Maggie Urry in New York

PaineWebber continued the recent trend of securities houses reporting first-quarter results better than the fourth quarter of last year, although still well below the comparable quarter last year.

The group was aided by the first full quarter's contribution from the Kidder Peabody businesses acquired from General Electric at the end of 1994.

Net income for the quarter to March 31 was $34.3m, down from $55.6m in the 1994 period, but better than the $16.3m recorded in the fourth quarter before a $36m charge relating to the Kidder Peabody deal.

Earnings per share were 27 cents compared with 70 cents a year ago, and 18 cents in the last three months of 1994.

Mr Donald Marron, chairman and chief executive, said the results "demonstrated a dramatic improvement" over the 1994 fourth quarter. The slump in underwriting activity continued to cut revenues, although principal transactions were up due to an improvement in the mortgage, corporate debt and municipal securities.

Non-interest expenses were 2 per cent higher, but within that compensation costs were unchanged, Mr Marron said, in spite of the 2,600 extra employees who joined from Kidder Peabody. During the first quarter PaineWebber announced job cuts, which are expected to generate substantial cost savings, he said.

Sophus Berendsen ahead at DKr1.6bn

By Hilary Barnes in Copenhagen

Sophus Berendsen, which has a majority holding in Rentokil, the UK listed company, *reported an increase in group* profits after net financial items to DKr1.60bn ($298m) in 1994 from DKr1.52bn in 1993.

Turnover increased by 24.8 *per cent to* DKr12.32bn from DKr9.87bn.

Earnings were hit by a DKr119m unrealised loss on the Danish bond portfolio and by a write-off on a US engineering subsidiary, which has now been disposed of.

Pre-tax profits fell to DKr1.60bn from DKr2.04bn, reflecting extraordinary income of DKr522m in 1993. There was no similar income last year.

Earnings per share fell to DKr19.4 from DKr25.1. An *unchanged DKr4 a share dividend* was proposed.

The boost to sales came from several important acquisitions, including Rentokil's acquisition of Securiguard in the UK.

Rentokil, which accounts for 60 per cent of group turnover, contributed DKr1.72bn to group profits after net finan*cial items.*

Among the other main divisions, hydraulic engineering saw turnover increase by 34 per cent to DKr3.03bn. The operating profit was DKr89m.

The textile services laundry group, with turnover of DKr1.4bn, made an operating profit of DKr132m.

The board expressed concern over the strength of the krone against sterling, the US and Australian dollars and the Swedish krone, but said that aside from this the group *expected to make good progress* this year.

Colonial Mutual falls into the red

By Nikki Tait in Sydney

Colonial Mutual, the Australian insurer which last year bought the State Bank of New South Wales for A$576m, yesterday disclosed it suffered a A$258m (US$186m) loss after tax in 1994.

In the previous year, the company which plans to "demutualise" by 1998 at the latest, recorded a A$701.3m *profit.*

Colonial blamed the loss on a "depreciation in group assets caused by the meltdown in international markets, which was every bit as severe as that experienced in October 1987".

Like many Australian insurance groups, Colonial takes unrealised investment gains or losses into its results, so its profit performance mirrors the volatility of financial markets.

"The assets depreciation of 1994 should be looked at in the light of the massive appreciation of the previous year, and is to be expected whenever large reserves are invested in volatile markets," noted Mr Peter Smedley, managing director.

Overall, Colonial said total group assets more than doubled to A$30.4bn, but this largely reflected the December purchase of SBNSW, Australia's fifth largest banking group, from the state government. The bank, consolidated on December 31, had no impact on the profit and loss account.

However, there was a A$1.02bn depreciation of investment assets in 1994, compared with a A$1.47bn appreciation in 1993.

On insurance, Colonial said sales of traditional and investment products in Australia rose to A$334m, from A$237m in 1993, while UK sales last year totalled A$160m "in a difficult climate". Sales in Fiji were said to be a record, while individual new business premiums in Asia rose 16 per cent.

Policy surrenders were A$729m, against A$1.14bn in 1992, and A$812m in 1993. Payments under policies rose from A$1.36bn to A$1.42bn.

Operating expenses increased to A$587m from A$579m, although Colonial said this reflected one-off restructuring costs, and the underlying trend was downwards. It also revealed its Jacques Martin superannuation arm made a loss, following heavy structuring costs, but had record sales.

Colonial is required to demutualise – that is, convert from policyholder-controlled status to a conventional shareholder-owned company – by 1998, as result of its purchase of SBNSW. However, this is widely expected to happen before that date.

Ito-Yokado earnings slide to Y75bn as confidence weakens

By Emiko Terazono in Tokyo

Ito-Yokado, the Japanese *supermarket chain,* recorded a decline in earnings for the second consecutive year, hit by weak consumer confidence and a fall in financial income.

Non-consolidated recurring profits for the year to last February fell 8.5 per cent to Y75bn ($925m) on a 0.2 per cent drop in sales to Y1,538.7bn. After-tax profits fell 4.4 per cent to Y44.7bn.

The company blamed weak clothing sales which were affected by the weather. Total clothing sales rose 0.3 per cent to Y446.1bn, but its mainstay, women's clothing, fell 2.3 per cent to Y129.4bn. Income from dividends and interest receipts fell by 5.9 per cent to Y11.6bn due to the fall in interest rates.

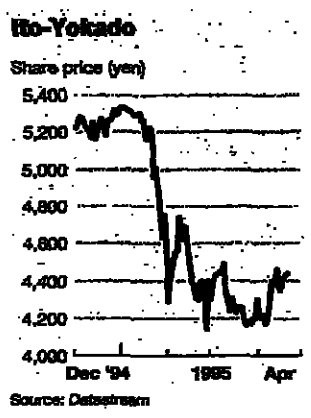
For the current year to February Ito-Yokado expects parent recurring profits to rise 6.6 per cent to Y80bn on a 1.8 per cent increase in sales to Y1,566bn.

● Seven-Eleven, Ito Yokado's convenience store subsidiary, posted a rise in sales and profits due to the hot summer and new outlets.

Unconsolidated recurring profits rose 6 per cent to Y93.8bn in the year to last February, its 15th straight annual profit increase.

Sales advanced 9.7 per cent to Y214.5bn due to a rise in ice-cream and boxed lunch sales. After-tax profits rose 6.4 per cent to Y49.5bn.

The company said some 430 new stores were due to open in the current year. It sees profits rising 3.9 per cent to Y97bn on a 6.3 per cent rise in sales.



Amgold continues run of poor SA gold results

By Mark Suzman in Johannesburg

Amgold, the gold and uranium division of Anglo American, the South African mining house, yesterday continued the list of poor results from South African gold producers. It reported a 30.2 per cent decline *in distributable profit to* R144.5m ($40.24m) for the quarter ending in March, down from R207m in the previous quarter.

As with other leading gold mining groups such as Gencor and Gold Fields of South Africa, the primary reason for the decline was labour unrest exacerbated by a large number of public holidays during the *quarter, which lowered productivity.*

Overall production for the three months dropped to 56,599kg, from 61,979kg in the December quarter, as average revenue fell 1.5 per cent to R43,703/kg from R44,384/kg.

Total capital expenditure across the groups' mines declined to R220.1m from R342.8m.

Worst affected was Vaal Reefs, the scene of faction fights between miners earlier this month. It reported a 53.4 per cent drop in distributable profit to R24.8m, from R53.2m. Although tonnage milled was maintained, a steep 10.6 per cent drop in the average yield to 5.07 grammes/tonne from 5.67 grammes/tonne led to a 10.2 per cent drop in gold production to 16,172kg *from* 18,009kg.

NEWS DIGEST

ABN Amro gets off to a slow start to the year

ABN Amro, the Netherlands' largest bank, said yesterday its results for the first two months of 1995 were lower than a year earlier, reflecting unfavourable market conditions facing international banks, writes **Ronald van de Krol in Amsterdam.**

Mr Jan Kalff, speaking at the presentation of the bank's annual report, noted that banks had enjoyed a particularly strong start to 1994 before the rise in US interest rates in February caused turmoil on international capital markets.

In early 1995, uncertainty about interest rates and exchange rates was contributing to nervousness on the markets and creating a difficult climate for international banks such as ABN Amro.

News of the lower results for the first two months of 1995 caused ABN Amro's shares to fall by 2.5 per cent to close at Fl 58.50 compared with Fl 60 on Wednesday.

The Dutch bank, which publishes semi-annual and annual results only, declined *to* give details of its results for January and February, and repeated that it could not give a specific forecast for 1995 because of uncertainties gripping financial markets.

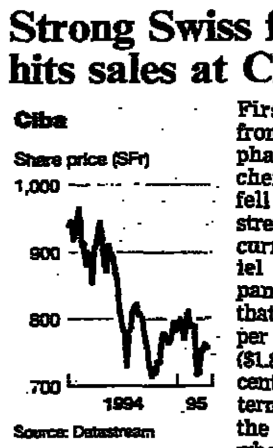
The decline in the the dollar traditionally puts pressure on ABN Amro's results.

In 1994, ABN Amro's net profit rose by 12.9 per cent to Fl2.29bn, as a sharp rise in foreign results helped compensate for a slight decline in profits at home.

In its annual report, the bank *said it would* continue to pursue geographic expansion. In recent weeks, it has acquired a controlling majority stake in HG Asia, the Hong Kong-based stockbroking firm, and agreed to buy *Alfred Berg, a leading Nordic* investment bank, from Volvo of Sweden.

Swiss franc strength

Strong Swiss franc hits sales at Ciba



First-quarter sales from Ciba, the Swiss pharmaceuticals and chemicals company, fell because of the strength of the Swiss currency, writes **Daniel Green.** The company said yesterday that total sales fell 1 per cent to SFr2.11bn ($1.88bn), but rose 9 per cent in local currency terms. Hardest hit was the healthcare sector, where sales fell 10 per cent to SFr1.86bn. In local currency terms they were up 8 per cent, when adjusted for the transfer of the diagnostics division to the company's Californian partner Chiron, in which it took a 49 per cent stake in the last quarter of 1994.

The sales growth in local currency terms was helped by acquisitions last year, said the company. The best performance came from the agricultural sector, where sales grew 7 per cent to SFr1.48bn, a rise of 18 per cent in local currency terms.

This was "due primarily to increased *demand for crop protection* products in all regions" and the launch of new products, said Ciba.

Norwegian ferry group doubles losses

Color Line, the Norwegian ferry group, yesterday reported first quarter pre-tax losses had doubled to NKr126m ($20.6m) from NKr63m in the same period last year, writes **Karen Fossli in Oslo.**

The weaker result was attributed to substantial investments associated with fleet safety upgrading, fewer sailings and an engine breakdown on the Princess Ragnhild which, alone, caused a drop in earnings of NKr10m.

Group operating income rose to NKr349m from NKr319m while operating losses widened to NKr79m *from* NKr35m. This was due to an increase in depreciation costs to NKr51m from NKr36m resulting from the addition of two vessels to the fleet.

Net financial items charged against accounts rose to NKr47m *from* NKr28m as financial expenses and foreign exchanges losses rose.

Nevertheless, Color Line said it experienced a 2 per cent increase in passenger volume and an 8 per cent rise in the volume of lorries transported during the first three months, which is traditionally a weak period for traffic.

Norgeskreditt dips in first period

Norgeskreditt, the Norwegian financial services group, yesterday reported a dip in first quarter pre-tax profits to NKr69m ($11.28m) from NKr75.6m *in the same* period last year, writes **Karen Fossli.**

The company said this year's first-quarter performance nevertheless showed a clear improvement compared with the same period *last year,* which was boosted by large capital gains and a high return on liquidity due to favourable interest rates.

Net interest income rose to NKr87.9m from NKr79m but capital gains fell to NKr4.1m from NKr17.7m.

Losses on loans were cut to NKr0.5m from NKr4.6m while the growth in loans increased by 3.7 per cent to NKr24.05bn. Assets rose to NKr28.75bn from NKr24.29bn.

Norgeskreditt expects co-operation between *its three companies on complementary* products to contribute to a growth in loans and improved profits in 1995.

Saudi Int'l Bank doubles profit

Net profit at the London-based Saudi International Bank more than doubled in 1994. The bank, which is 50 per cent owned by the Saudi Arabian Monetary Agency, yesterday reported that profits had risen to £42.2m ($68.2m) from £17.4m in 1993, writes **Roula Khalaf.**

The increase was largely due to a £24m exceptional gain from the sale of the bank's 10 per cent *stake in Saudi-based United* Saudi Commercial Bank.

Excluding the exceptional item, net profit from normal operating activities edged up to £18.8m from £17.4m the previous year.

SIB, with total assets of £3.2bn at the end of 1994, is one of a handful of Arab banks set up in the West in the 1970s to have survived the less-developed-country debt crisis.

Shareholders, which include Morgan Guarantee Trust Company, with a 20 per cent stake, rid the bank of its LDC problem by buying the LDC portfolio in two tranches in 1987 and 1989.

SIB has undergone significant transformation in the past decade, gradually moving out of commercial banking and into investment banking and focusing on non-interest income. About 40-50 per cent of SIB's annual income is derived from non-interest sources.

Royal Oak Mines to take control at Kermess

Royal Oak Mines, the Canadian gold producer *that lost out to* Barrick in last year's fight for Lac Minerals, plans to buy control of one of western Canada's biggest gold-copper properties for C$132m (US$96.29m), writes **Robert Gibbens in Montreal.** Developing the large low-grade Kermess South orebody would cost nearly C$400m.

Royal Oak, headed by Mrs Margaret Witte, would buy 100 per cent of Kermess by offering cash and stock worth C$132m for the holdings of two exploration companies.

The bid, however, is contingent on concessions from the provincial government and other agreements. Other companies have looked at Kermess and further offers cannot be ruled out, analysts said.

INTERNATIONAL COMPANIES AND FINANCE

GM continues recovery with advance to $2.2bn

By Richard Waters in New York

General Motors' underlying net earnings jumped by a third in the first quarter as the company continued to record a turnround in its core North American automotive operations.

The results came in spite of a loss of market share and weaker car sales in North America, and indicated that the biggest US motor manufacturer was making headway in improving its manufacturing efficiency in its domestic market.

Echoing other recent comments, Mr John Smith, chief executive, said of the performance in North America: "We have not achieved the necessary competitive levels in our cost position, but we're making progress."

Overall, GM reported net income of $2.2bn on sales of $43.3bn. This compared with an underlying $1.6bn (or $854m after accounting changes) the year before on sales of $37.5bn.

The improvement pushed the group's after-tax profit margin up to 5.5 per cent, ahead of the 5 per cent the company has set as its target average over the economic cycle.

The results came in spite of a further loss of market share in North America, particularly in cars. GM's total share fell to 32 per cent, from 33.5 per cent a year before, as vehicle sales dropped by 8 per cent to just over 1.1m.

Mr Michael Losch, chief financial officer, said the decline reflected a shortage of Cavalier and Sunfire cars, as well as lower fleet sales.

Meanwhile, the after-tax profit margin in North America jumped to 3.9 per cent, from 2.1 per cent, as GM paid lower incentives to attract buyers and improved manufacturing efficiency.

The average incentive per vehicle fell to $693, from $738 in the preceding three months and $800 in the first quarter of last year.

GM's advance came at a time when its main rivals, Chrysler and Ford, have had to increase their incentive levels, though last year it generally had to pay higher incentives than its competitors.

Mr Losch added that incentive levels were likely to remain at current levels or fall further, in part because the higher yen has made Japanese manufacturers less competitive in the US market.

Higher materials prices were offset by higher prices achieved during the quarter, the company said. Overall, the North American operations produced after-tax profits of $1.1bn, compared with $506m (before an accounting charge of $705m) the year before.

Meanwhile, GM's European operations built on last year's strong profits, with after-tax earnings for the region climbing by a third to $328m.

The improvement came on the back of a 1.5 per cent increase in vehicle sales in Europe, to 445,000, and was achieved in spite of an adverse foreign exchange position. With much of its manufacturing capacity in Germany, the company's costs were inflated by the stronger D-Mark, Mr Losch said. Overall, the stronger D-Mark and yen had no impact on GM's group earnings in the period.

GM's profits growth was also supported by earnings from its three subsidiaries – Hughes Electronics, General Motors Acceptance Corporation and EDS. Between them, the three registered a 7 per cent advance in net income, to $721m.

GM's cash reserves fell slightly during the latest period, to $10.3bn from nearly $11bn at the end of the year. The decline in part reflected the repurchase of 7.9m shares and contributions of $2bn to its pension funds.

The company also contributed EDS stock worth $6.3bn to its pension funds during the quarter, further reducing the funds' deficit, which had stood at $12.6bn at the end of last year.

The company continues to target a cash position of between $13bn and $15bn to prepare itself for the next downturn in vehicle sales, Mr Losch said. He added that its continuing moves to use its cash to reduce its pension deficit first reflected a confidence that the cyclical motor industry would not experience a downturn this year.

Three subsidiaries turn in 7% improvement in first quarter

By Richard Waters

Three subsidiaries of General Motors – Hughes Electronics, EDS and General Motors Acceptance Corporation – between them registered a 7 per cent rise in net earnings in the first quarter, to $721m.

GMAC, the group's financial services arm, recorded the biggest earnings gain, with a 17 per cent rise in after-tax profits to $255m. The improvement in part reflected GM's improved credit standing, which has reduced the unit's borrowing costs.

EDS, the systems company, saw profits climb 15 per cent to $197m on revenues of nearly $2.8bn, up 24 per cent from a year before.

Hughes, meanwhile, saw a fall in net income of nearly 5 per cent, to $269m, as revenues slipped by less than 1 per cent to $3.58bn.

The profits of EDS and Hughes are used to calculate the earnings per share of GM's Class E and Class H common stock.

Earnings on the Class E shares rose 42 cents, up from 36 cents a year before, while the Class H stock recorded earnings per share of 67 cents, down from 70 cents.

Weak dollar helps McDonald's

By Richard Tomkins in New York

McDonald's, the US fast food company, continued its long run of profits growth with a 15 per cent increase in net profits to $280.7m in the first quarter – a growth rate slightly higher than the 13 per cent recorded for the whole of last year.

Mr Michael Quinlan, chairman and chief executive, said: "Our strong results are in line with our expectations for the year."

Like other US companies with a big exposure to overseas earnings, McDonald's has been boosted by the recent weakness of the dollar. First-quarter net profits would have been $9.7m lower if the dollar had stayed unchanged, cutting the increase over last year's figure to 11 per cent.

However, Mr Quinlan said the results would have been impressive even without the effect of exchange rates. "Both the US and international businesses registered notable operating performance, and are poised for greater growth in our pursuit of global food service dominance."

Worldwide sales, including those of franchised restaurants and affiliates, rose by 17 per cent to $6.67bn. The company's own revenues rose by 20 per cent to $2.16bn, and earnings per share, boosted by stock repurchases, rose by 18 per cent to 39 cents.

US sales rose by 8 per cent through a combination of new restaurant openings and higher sales at existing restaurants. But most of the growth came from expansion overseas.

McDonald's said all geographical segments had excellent gains in operating results. Within Latin America, results in Mexico were affected by the economy and currency devaluation, but the market continued to offer long-term potential, it said.

NEWS DIGEST

Schlumberger lifts dividend on back of 21% rise

Schlumberger, the US oil field services and electronics group, raised its quarterly dividend to 37½ cents from 30 cents yesterday after announcing first-quarter net income up 21 per cent to $147m. Earnings per share were 22 per cent higher at 61 cents, writes Maggie Urry in New York.

The group said the dividend increase, which will take the annual total to $1.50 from $1.20, reflected its conviction that "we are near the beginning of a new long-term cycle in the oil and gas business in which meeting rising demand will be the main task".

Mr Euan Baird, chairman and chief executive, said the trend continued the improvement seen in the last quarter of 1994 and he was optimistic about the rest of 1995. The group's shares jumped $3 to $63 on the news, a gain of 5 per cent.

Operating revenues rose 7 per cent in the quarter to $1.76bn. The oilfield services division increased revenues by 4 per cent to $1.12bn although there was a 1 per cent fall in the worldwide oil rig count. Offshore day rates increased due to stronger utilisation in the Sedco Forex subsidiary. Average rig utilisation in the first quarter was 64 per cent, up from 59 per cent in 1994, and offshore utilisation was up from 77 per cent at 86 per cent against an industry average down to 76 per cent from 78 per cent.

Allstate and Chubb post improved earnings

Improving underwriting conditions in the US property/casualty insurance and an absence of big catastrophe losses lifted the earnings of Allstate and Chubb, two of the country's biggest insurers, in the first quarter, writes Richard Waters. Allstate, which is being spun off by Sears, reported net income of 542m, or $1.21 a share, compared with a loss of $275m, or 61 cents, the year before.

The 1994 quarter included $1.1bn of pre-tax catastrophe losses, mainly as a result of the Northridge earthquake, compared with $171m in the latest period.

The company also benefited from lower claims in its motor business, and higher premiums. Excluding the catastrophe losses, Allstate's combined underwriting ratio – the proportion of losses and expenses to premium income – fell to 94.1 per cent in the latest quarter, from 101.1 per cent the year before.

Chubb registered net income of $147m, or $1.66, in the first quarter, up from $73m, or 83 cents, the year before. Its catastrophe losses fell to $6m, from $147m a year before.

Leaving aside catastrophe losses, Chubb's combined loss ratio in the latest period was 95.7 per cent, against 93.6 per cent the year before.

Gillette boosts payout as profits rise 20%

Gillette, the US shaving and consumer products group, yesterday accompanied its announcement of a 20 per cent increase in first quarter net profits with a 20 per cent increase in its quarterly dividend to 30 cents a share, writes Richard Tomkins.

Mr Alfred Zein, chairman and chief executive, told shareholders at the annual meeting in Boston that first-quarter profits growth was driven by a mix of new product development, geographic expansion and improved product mix.

Sales rose by 13 per cent to $1.54bn, operating profits advanced by 11 per cent to $329.1m, net income by 20 per cent to $196.1m, and earnings per share by 19 per cent to 88 cents.

Sales of blade and razor products were "sharply" higher, the company said, and profits considerably higher. So too were sales and profits of Braun products.

Toiletries and cosmetics sales were above those of a year earlier, while profits were considerably higher. Sales of stationery products were ahead of those in last year's first quarter, but profits were little changed.

Bell Atlantic confident of Mexican investment

Bell Atlantic, the US telephone company, remains confident in its investment in Mexico's largest cellular provider, Grupo Iusacell, Reuter reports from Philadelphia.

The company reported first-quarter earnings per share of 99 cents, up from 91 cents a year ago, which included a charge of 4 cents a share from the devaluation of the Mexican peso.

However, Mr Raymond Smith, Bell Atlantic chairman and chief executive, said he remained "confident in the long-term potential of our investment in Grupo Iusacell".

Revenues rose 3 per cent to $3.5bn for the first quarter, and net income increased to $434m from $386m.

However, average revenue per cellular subscriber per month fell 11 per cent to $62 compared with the year-ago quarter. Part of the reason was a temporary difficulty in implementing the use of security codes for roaming users from outside its region, and part was the industry trend to more casual users attracted by falling prices, the company said.

Wireless subscribers, adjusted for the merged cellular operations with Nynex, rose 53 per cent to 1.63m in the first quarter from a year earlier.

"Our financial results for the first quarter of 1995 indicate that we are on target to achieve our financial goals for the year," said Mr Smith.

Domtar recovers

Domtar, the big North American pulp, fine paper, packaging and building materials group, continued its strong recovery in the first quarter and expects a good performance for the rest of the year, writes Robert Gibbens in Montreal.

Higher prices and strong demand for nearly all its products, plus the lower Canadian dollar, resulted in first-quarter net profit of C$75m (US$54.71m), or 58 cents a share, against a loss of C$15m, or 12 cents, a year earlier, on sales of C$679m, up 48 per cent. Operating profit was C$142m against C$7m.

Domtar was heavily restructured in the recession and its newsprint and groundwood papers unit was sold off. Its turnround began in 1994 when earnings were C$75m, or 56 cents a share, against a loss of C$111m, or 90 cents, in 1993.

AlliedSignal ahead at $198m

AlliedSignal, the diversified US manufacturer, yesterday announced net income of $198m for the first quarter, compared with $169m in the same period last year, Reuter reports from New Jersey.

The company said it expected income improvement in the second quarter for its engineered materials business, and cited first-quarter pricing actions and anticipated moderations of raw material cost increases for its rosy outlook.

Earnings per share in the quarter were 70 cents compared with 60 cents. Revenues were $3.4bn compared with $2.9bn.

In the aerospace business, net income rose to $56m from $52m, reflecting higher sales and earnings for engines, aerospace equipment systems and commercial avionics systems.

In the automotive sector, net income rose to $62m from $46m a year ago, reflecting increased car and light truck production in Europe and North America and increased use of turbo diesel engines in western European passenger cars and North American light trucks, the company said.

■ First-quarter dividend increase falls shy of analysts estimates

Sale puts SB sharply ahead

By Daniel Green

The first-quarter performance of SmithKline Beecham, the pharmaceuticals company, was boosted by the effects of more than $7bn in acquisitions and disposals in the past year.

Pre-tax profit rose to £872m (£353m) thanks to an exceptional £512m gain on the sale of its animal health business to US rival Pfizer. Excluding one-off items, pre-tax profits rose 2 per cent to £360m.

The figures are not completely comparable because there were five extra days in the first quarter of 1995 compared with 1994.

The company announced a quarterly dividend of 3.2p, below forecasts, and the shares fell 6½p to 503p.

Mr Jan Leschly, chief executive, said the cash would be put to better use in growing the business and paying off debts associated with last year's acquisitions.

Trading profits of continuing operations in the first quarter rose 15 per cent to £385m. Sales rose 24 per cent to £1.7bn, and earnings per share were up 5 per cent to 9.1p.

Mr Leschly said the performance was better than he had expected given the expiry of the US patent on Tagamet, the ulcer drug formerly SmithKline's best-selling product. Tagamet sales fell by 49 per cent to £78m. In the US, the fall was 68 per cent to £31m.

The company's antibiotics did well in a severe 'flu season in the northern hemisphere. The top selling drug was Augmentin, with sales of £236m, up 26 per cent.

The acquisition of Sterling Health last summer helped boost the sales of over-the-counter medicines by 84 per cent to £266m. Mr Leschly said most of the growth in OTC was due to Sterling, with underlying growth at "three to six per cent". OTC is the biggest part of the consumer healthcare division, where sales rose 45 per cent to £453m.

The company's third division, clinical laboratories, saw sales rise 12 per cent to £202m.

Jan Leschly: performance was better than expected

Write-down leaves CentreGold £4m in loss

By Paul Taylor

CentreGold, the video and computer games developer, publisher and distributor, yesterday reported pre-tax losses of £3.88m ($6.3m) for the six months to January 31 and passed its interim dividend. Last time profits were £2.6m.

The group, which issued a profits warning in February, blamed the downturn in the cartridge video games market in Europe and the US which resulted in a £3.03m exceptional stock write-down.

CentreGold's shares, which were floated at 125p in October 1993, closed down 1p at 49p despite reassurances from Mr Geoff Brown, chief executive, who said the board was "confident that a significant improvement in operating profitability will be achieved during the second half of the current financial year".

Underlying gross margins increased from 18.6 per cent to 21.1 per cent. However, the benefits of this were more than offset by reduced volumes and the need for the exceptional stock provision. As a result operating losses were £3.47m compared with profits of £2.55m.

Mr Brown said that the announcement of new video game hardware using the latest CD technologies – which will not be released in Europe and America until the autumn – had caused resistance among consumers to purchasing older machines and cartridge video games.

Eyecare Products in loss after changes

Eyecare Products, formerly Kitty Little, reported a 1994 pre-tax deficit of £3.03m on turnover of £20.6m, reflecting the considerable changes during the year.

The comparable figures were losses of £245,000 on turnover of £4.09m.

In 1994 the company disposed of its UK fragrance business and in August acquired Group L'Amy, the France-based spectacle frame maker.

The pre-tax deficit included losses of £2.91m relating to discontinued activities. L'Amy contributed operating profits of £522,000 from August.

Taking continuing businesses only and including L'Amy for the full year showed an operating profit of £1.7m, the company said. L'Amy reported profits before interest and tax of £2.13m for the year.

The company added that all the main restructuring had taken place and that it expected "enhanced profits" as the turnround continued into the present year.

At the period end there was cash of £10m and net assets of £15m.

Losses per share came out at 7.4p (2.8p). In line with the July placing circular, a final dividend of 1p is proposed for an unchanged total of 1.5p.

AAH defence lacks facts says Gehe

By Peter Pearse

AAH, the UK pharmaceuticals wholesaler and retailer fighting a hostile £400m ($648m) bid from Gehe of Germany, yesterday issued a last-ditch riposte to its predator.

It continued to stress that shareholders should not accept the final offer of 445p a share, increased on April 12 by 25p and which closes on May 2.

AAH argued that there was an "upside" in staying aboard and little "downside" in rejecting the offer. It said that the information in its defence documents – notably cost savings of £14m, and the sale of non-core businesses – underpinned the value of its shares, were the bid to lapse.

The shares closed down 1p at 440p last night.

Gehe again railed at the absence of information by which shareholders could make a clear judgment on the target's value. It complained of the "wall of silence" about key facts – on wholesaling operating margins, average debt levels, free cashflow and how operating operating profits would improve.

AAH repeated that it had offered to let Gehe review its budgets, only to be turned down.

■ PAPER, PACKAGING AND PRINTING – By Neil Buckley

Higher costs passed on as demand increases

Results season

Round-up

Increasing raw material costs, especially the rapidly rising price of pulp and paper, was the dominant theme running through the results of the printing, paper and packaging companies.

However the increase in demand for their products reported by many companies in the sector, which helped them to pass on much of the raw material costs, could be a sign of better times ahead for the UK economy, even if cost increases eventually end up being reflected in consumer prices. The packaging industry is seen as a barometer of economic activity.

The impact of the increases, in some cases of 100 per cent or more, varied in the three sub-divisions of the sector.

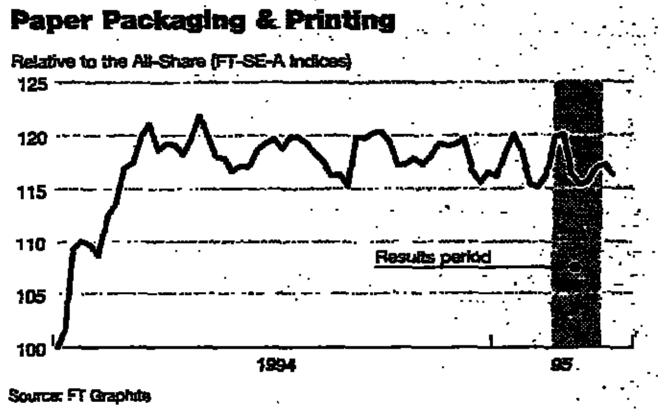
Printing groups were least affected, with customers bearing much of the material costs, although printers also benefited from improved UK demand.

Watmoughs, the Bradford-based printer, reported profits up 30 per cent to £20.1m as it won new contracts. Turnover was up 20 per cent at almost £180m. Bemrose, the promotional and security printer, reported a 47 per cent increase in profits to £15.8m, with sales up from £90m to £125.7m, thanks particularly to strong US demand.

Wace, the specialist printing group, reported profits up 45 per cent to £23.1m, while turnover fell from £335.9m to £323.5m after a streamlining of the business.

Paper Packaging & Printing

Relative to the All-Share (FT-SE-A Indices)



Source: FT Graphite

There was less good news from De La Rue, the security banknote printer, whose shares fell after it issued a profit warning because of a further deterioration in the profitability of its German subsidiary thanks to tough trading conditions.

The performance of paper groups was more mixed. Inveresk, the Scottish speciality manufacturer, reported profits down from £9.26m to £8.13m due to the "unexpected and dramatic increase in the price of wood pulp".

However, Arjo Wiggins Appleton reported profits up 78 per cent to £217.1m. It said it had so far successfully passed on rising pulp prices, but warned that it would be difficult to keep pace with continuing upward price pressure in the short term.

Among the packaging groups, the largest, Bowater, beat off the effects of raw material cost increases of between 50 and 100 per cent to announce pre-tax profits up 6 per cent to £226m. Low & Bonar also reported buoyant demand for industrial and consumer packaging, and increased profits from £35m to £46.4m.

British Polythene Industries increased profits 25 per cent to £19.2m, MacFarlane, the Glasgow-based packaging group, 28 per cent to £16.3m, and Britton, after its takeover of the larger NMC last year, lifted profits from £2.73m to £10.7m.

Both Bunzl and Blagden were hit by exceptional costs. Blagden, the steel drum, chemicals and protective equipment group, had restructuring charges of £7.27m, but reduced losses from £10.6m to £5.6m.

Bunzl made a £49.7m charge on acquisitions from the 1980s, and a £35m goodwill write-off. This pushed it £4.9m into the red after £55.8m profits last year, but masked an underlying 36 per cent increase from its continuing businesses.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Boot (Henry)	Yr to Dec 31	184	(164.6)	8.16	(7.59)	21.8	(20)	5.25	June 9	4.8	7.1	6.5
Brown & Jackson	Yr to Dec 31	152.1	(169.5)	16.3L♠	(12.7L♠)	2.5L	(2.4L)	nil	-	nil	nil	nil
CentreGold	6 mths to Jan 31	41	(52.6)	3.88L♠	(2.6)	6.44L	(4.7)	nil	-	0.8	-	2.4
Computerised Financial §	Yr to Dec 31■	3.12	(3.34)	0.351	(0.33)	3.97	(8.97)	1	July 19	-	-	-
Eyecare Products	Yr to Dec 31	20.6	(4.09)	3.03L♠	(0.245L)	7.4L	(2.8L)	1†	July 21	1	1.5	1.5
Fisher (Albert)	6 mths to Feb 28	755.5	(618.2)	12.6♠	(30.6♥)	1.01	(3.44)	1.85†	July 19	1.85	-	3.75
Gowrings	*Yr to Dec 31*	*60.3*	*(54.5)*	*0.322L♠*	*(0.054♠)*	*4.97L*	*(0.12)*	1.25	June 5	1	2.25	2
Havelock Europa	Yr to Dec 31	39.6	(35.3)	4.01♠	(2.28)	11.2	(8.4)	2	July 6	2	3	2
Helical Bar	Yr to Jan 31	50.5	(25)	8.19	(6.58)	29.8	(27)	3.75	-	3.3	6.5	5.8
House of Fraser	Yr to Jan 28	883.2	(1,193)	28♠	(68.3)	8.2	(19.9)	3.8	July 3	-	5.5	-
Ibstock	Yr to Dec 31	210.1	(235.5)	14.3	(18.7L♠)	3.69	(5.69L)	1	July 3	0.5	1.5	1
Jackson	Yr to Dec 31	78.7	(61.5)	0.851	(0.924)	2.6	(2.6)	1.3	July 4	1.3	1.8	1.8
Linton Park	Yr to Dec 31	164.9	(143.5)	12.8	(10.6♥)	39	(41)	12.5大	July 11	12.5	17.5	15
Mirror	*Yr to Jan 1*	*462.9*	*(476.1)*	*189.3♥*	*(131.9♥)*	*35.2*	*(25.5)*	*2.5*	*June 9*	*nil*	*3.5*	*nil*
SmithKline Beecham	3 mths to Mar 31	1,712	(1,478)	872♥	(353)	18.9	(8.7)	3.2	July 17	3	-	12.9
Tullow Oil ♣	Yr to Dec 31	3.62	(3.42)	1.16	(1.08)	0.69	(0.73)	-	-	-	-	-
WEW	6 mths to Jan 28	72.7	(66.4)	5.81	(5.17♥)	2.41	(2.72)	0.35†	July 3	0.35	-	0.7

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Geared Income	Yr to March 31	*80.99*	*(105.37)*	*1.96*	*(1.99)*	*8.29*	*(8.92)*	*3*	*June 30*	2.825	*8.25*	8.075
Mercury Keystone	6 mths to Mar 31	630.5	(621.45)	1.55	(0.759)	10.9	(5.32)	5	June 22	5	-	15.5

Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. §USM stock. 大Foreign income dividend. ■Comparatives pro forma. ♣Irish currency.

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COMPANY NEWS: UK

North America helps Albert Fisher advance

By Roderick Oram,
Consumer Industries Editor

An upturn in its North American activities helped Albert Fisher, the food processor and distributor, overcome a flat performance in Europe in the first half. Operating profits in the six months to February 28 rose 11 per cent to £22.6m ($37m).

Mr Stephen Walls, chairman, said there was "a gathering momentum in the group, with the opportunity to grow volumes in all divisions". This was the key to profit growth, because many operations were working under capacity.

Opportunities lay, for example, in pre-cut vegetables in North America, chilled produce in Europe and seafood on both sides of the Atlantic.

As the City expected, pre-tax profits before exceptional items slipped to £19.1m (£20.1m). After a small loss on a disposal this year and a gain a year earlier, pre-tax profits were £12.6m (£30.6m) on turnover from continuing operations up 30 per cent at £746.3m (£574.5m).

European trading conditions in produce and fish remained difficult, but benefits were felt from restructuring over the past few years and from recent acquisitions. Rising exports to Russia were a positive trend.

Operating profits from European fresh produce fell to £2.8m (£3.5m), food processing was £5.3m (£5m) and seafood £7.5m (£7.4m).

Rahbek, the Danish-based seafood processor bought last year, had made an "encouraging start." Expansion into the US, was achieved with the purchase in February of Aqua Star in Seattle.

Profits from North American produce were £7m (£4.5m) on sales of £273m (£194m). The division enjoyed a 48 per cent rise to 34.8m cases of produce distributed. The average selling price was $12.38 ($12.31). Sales of pre-cut vegetables rose 5 percentage points to 18.8 per cent of division sales.

Net debt rose to £106m (£93m) for gearing of 56 per cent (48 per cent).

Fisher declared an interim dividend of 1.85p (1.81p, adjusted for the bonus element of a rights issue). Earnings per share were 1.01p (3.44p).

Mirror Group sets date for launch of 24-hour cable TV

By Raymond Snoddy

Mirror Group, the newspaper publisher which is developing its television interests, yesterday outlined a £30m ($48.6m) cable television strategy and forecast that The Independent newspaper, in which it has a 43 per cent stake, would return to profit "within the year".

The group said Live TV, a 24-hour cable television channel, would be launched on June 12.

"Bosnia it ain't. We will frankly be celebrity and event-driven TV," said Mr Kelvin MacKenzie, the head of Mirror Television and former editor of the Sun.

Mirror Group reported a 15 per cent rise to £84.7m in profits before pension fund recoveries and exceptional items.

After these items, pre-tax profit for 1994 jumped to £189.3m (£131.9m), largely due to the release of £111.1m in pension provisions.

The releases virtually end the Maxwell effect on the company. Mirror payments to repair its pension fund will involve £1.6m annually up to 2004.

Live TV, which will be carried in at least 75 per cent of the near 1m cable homes in the UK, will cost £30m over three years, after which it should break even. About 80 per cent of revenues are expected to come from subscriptions, the rest from advertising.

Apart from a spine of national programming from London, the aim is to develop Live TV as a local network with news and other input from regional newspaper groups. A deal has already been done with the Birmingham Post and Mail and talks are under way with about 12 others.

"There is no local TV in Britain. It's tantamount to a national scandal," said Mr David Montgomery, group chief executive.

The channel will be produced from new £5m studios in Canary Wharf, the Mirror headquarters in London's Docklands.

The cable television industry in the UK has been encouraging the creation of new cable-exclusive channels as part of its battle with satellite television.

Associated Newspapers, publisher of the Daily Mail, last year launched Channel One, a 24-hour cable news channel for London.

Mr Montgomery also promised that Newspaper Publishing, the loss-making holding company that owns The Independent and Independent on Sunday, would return to a monthly trading profit within the year.

He admitted that the return to profit assumed charging "an economic and reasonable" price for The Independent. The paper's circulation has stabilised at about 290,000 following

David Montgomery: a scandal there's no local TV in Britain

a cut in the cover price from 50p to 30p in the national newspaper price war.

Mr Montgomery said the price would go up as soon as planned editorial improvements were complete.

Neither precise timing nor a new price level had yet been discussed, the Mirror chief executive said. An autumn price increase of 10p must, however, now be a possibility.

Housebuilding upturn helps Ibstock to £14m

By Andrew Taylor,
Construction Correspondent

Ibstock, Britain's third largest brick manufacturer which has made an approach to buy Tarmac's brick division, moved back into the black in 1994 with pre-tax profits of £14.3m ($23.2m).

The company, which lost £18.7m the previous year after £20.7m of reorganisation and plant closure costs, was lifted by increases in UK and US housebuilding and a recovery in its Portuguese forest products business.

Last month Ibstock announced plans to sell its 56.3 per cent stake in Companhia de Celulose do Caima, its forestry and pulp company. Forest products moved from a £4.17m loss to a £5.28m profit helped by rising pulp prices.

Mr Colin Hope, chairman, said the market value of its Caima stake was about £45m. Even though pulp prices were rising, it was thought to be in shareholders' best interests to sever the group's exposure to the highly cyclical pulp market.

Ibstock produces about 400m bricks a year in the UK, about 11 per cent of the domestic market. Tarmac, the fourth largest producer, has the capacity to manufacture about 300m bricks a year.

Ibstock's UK brick profits more than doubled to £7.89m (£3.03m) helped by higher volume, increased prices and lower production costs. US brick profits also rose sharply to £4.54m (£808,000) following rationalisation and increased US housebuilding.

The only disappointment came from the Portuguese building products company which incurred losses of £941,000.

Turnover from continuing operations increased to £210.1m (£186.9m). Earnings per share were 3.69p (5.69p losses) and the proposed final dividend is doubled to 1p for a total of 1.5p (1p).

Net debt stood at £27m, equivalent to gearing of 14 per cent.

Grundig moves into UK satellite sector

Grundig, the German electronics manufacturer, is buying majority stakes in three UK satellite-television businesses from Gooding Consumer Electronics, a Wales-based private company formed in 1993.

The two companies already have a close relationship and the deal is in line with Grundig's intention to move increasingly towards the UK as the base for its satellite-related products.

Grundig is taking a controlling interest in GCE Manufacturing, which makes satellite receivers, Grundig Satellite Communications, a sales and marketing company, and Gooding Microwave Technology, which makes components for receivers. The terms have not been disclosed.

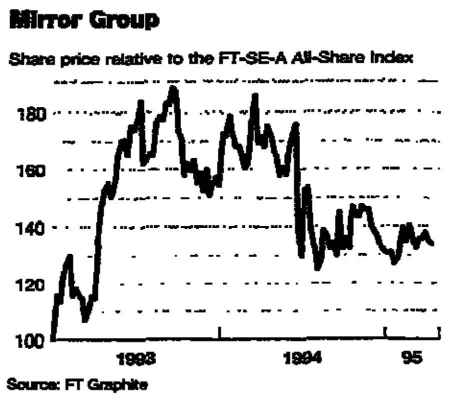
LEX COMMENT

Mirror Group

Despite a 43.5 per cent rise in profits, Mirror Group's 1994 results are disappointing. Pre-tax profit of £84.7m excluding exceptional items – chiefly the write-back of pension fund provisions – was substantially lower than the headline figure. Revenues fell slightly even after allowance is made for the fact that 1994 was a 52-week year and 1993 a 53-week year.

Furthermore, the pressures faced by the UK newspaper industry show little sign of abating. The Mirror management's assurances that the price war is over ring a little hollow as the Sun is still at a discount to the Mirror. The writing of any peace treaty thus remains the prerogative of Mr Rupert Murdoch. This year's £20m rise in newsprint costs will squeeze profits further, with no prospect of relief from circulation. True, advertising revenues are still outstripping inflation. But even an 8 per cent rise in advertising revenues would not be sufficient to offset increased newsprint costs. And the management's strong record in cost-cutting leaves limited room for further savings.

Still, the group's core titles remain a solidly profitable business. More worrying is its diversification record. Hopes for the Independent newspaper are pinned on a dubious price increase, and the group's television interests are proving expensive. A rights issue would help redress its financial weakness relative to other expanding newspaper groups, but the company should demonstrate that existing investments can perform before seeking fresh funds.



Source: FT Graphite

Dissidents seek new offer for N Electric

Dissident shareholders in Northern Electric said they had delivered a notice to the company's management requiring them to convene an extraordinary meeting to allow a new offer from Trafalgar House, writes Michael Smith.

Mr Guy Wyser-Pratte, of New York-based arbitrage firm Wyser-Pratte, said he had received the "tangible support" of more than 10 per cent of Northern's share capital for the meeting.

Mr Wyser-Pratte said the meeting would urge the board to "give immediately any consents" necessary to enable an offer of not less than 950p per share to be made by Trafalgar.

The resolution would further ask the board to refrain from taking any action which would deny shareholders the opportunity to consider such an offer.

Mr Wyser-Pratte said there had been indications of support from many other shareholders besides the signatories of the requisition notice.

Northern has three weeks to call the meeting and a further four weeks to hold it. If it uses the full timetable, it is possible the meeting could be held at around the time Professor Stephen Littlechild, industry regulator, announces his review of power company prices, expected before the end of June.

Cairn Energy in Dutch bid

Cairn Energy, an oil explorer, is to make a bid for Holland Sea Search Holding, a Dutch oil and gas company, in a deal worth about £17.3m ($28m).

Cairn is buying 55.4m shares in HSSH from Command Petroleum (Netherlands), the Dutch subsidiary of Command Petroleum of Australia. It also has the right to buy 6.4m shares owned by ABN Amro Bank. If exercised, Cairn would control 50.68 per cent of HSSH going into the bid.

Mr Bill Gammell, Cairn's chief executive, said the company would fund the deal from cash reserves and bank loans. The company had £10.8m in net cash at the end of last year, with virtually no gearing.

JOBS: Western employment practices and the threat to the Japanese work ethic

The bitter taste of salarymen's sake

A mood of stoic resignation has gripped Tokyo's back-street bars where grey-suited businessmen are washing down their *salarymen blues* with sake and Scotch.

For the first time Japanese employees are finding that they cannot expect an automatic annual spring wage rise. The steel industry unions, for example, asked for, but did not win, an increase in base salaries this year. At NTT, the telecommunications company which sets an important benchmark, workers agreed to a wage increase of 2.8 per cent, the lowest since the company was privatised 10 years ago.

Considering that the country is emerging from four years of recession, any pay increase might seem a luxury by western standards. But for Japanese workers, the threat to the annual salary increase they regard as almost a right represents a wholesale attack on the traditional employment system that has supported Japan's economic success and fed its work ethic.

Companies, however, are looking for more than a temporary sacrifice until the economy improves. They are seeking fundamental changes to the Japanese way of working.

Japan's salarymen have grown accustomed to 12-hour days, living in modest company housing and giving up their weekends for the company. What has kept them going is the knowledge that they have shared in the nation's growing prosperity. Long hours spent on commuter trains and poor living standards were tolerable so long as things were seen to be getting better.

Companies could expect their employees to devote themselves loyally to the corporate goal because employees were secure in the knowledge that the sacrifices they made would reap ever-rising salaries and greater benefits.

Crucial to that system has been the annual wage increase, called *shunto*, carried out just before the new fiscal year in the spring. It became a tradition as early as 1955.

The payment system established a pattern not only of rising salaries but also of industry-wide increases pegged to the level offered by the best-performing companies. Blue chip companies which have led Japan's economic expansion, such as Nippon Steel, the world's largest steelmaker, NTT and Toyota, kick off the wage negotiations to be followed by lesser brethren in less competitive industries.

This year, for example, Toyota's management agreed to a base rate increase of Y8,700 (£60.83) which, at 2.82 per cent, was higher than it had been willing to offer at first. The management compromise was influenced by signs that the electrical machinery companies were moving towards agreement on a higher increase of 2.9 per cent.

This reflects a system that continues to nurture strong corporate loyalty among employees. The long hours and slavish devotion to work are so ingrained that some companies, anxious to reduce annual working hours, must often force employees to take time off. Toshiba, for example, issues "warning" cards to those who have fallen behind in using up their annual leave.

In return for their loyalty, Japanese employees have traditionally been provided by their companies with everything from cheap housing and low-interest loans to informal marriage counselling services. For many Japanese who cannot afford to buy their own homes or join a sports club, the company is like a big brother that provides them with not only a living but also many of life's small comforts.

The pay-off in corporate solidarity and organisational strength proved to be powerful assets in directing collective energies towards business expansion as the economy grew.

Today's change of heart among the top Japanese employers reflects the tougher export environment resulting from the sharp rise of the yen against other leading currencies. Managers believe they must bring down costs to remain competitive in world markets and improve their profitability. As a result, business leaders have been urging a restructuring of the employment system which encourages Japan's high wages. Employers are saying that they can no longer take care of their employees from recruitment to retirement or guarantee a yearly rise in salaries. Instead they want greater flexibility in adjusting pay and employment levels depending on individual performance and business conditions.

A growing number of Japanese companies are trying to introduce merit-based pay to replace the traditional seniority system. Managers privately admit that while some employees will see their salary levels rise, many more will see cuts in their pay under the new system.

At the same time, some leading companies are adopting more flexible employment practices. Toyota and Matsushita, for example, have started to employ some of their research and development people on a contract basis.

The problem is that as companies rush to adopt western-style employment practices, the security and social cohesion of the traditional employment system are starting to crumble before the advantages of new systems, such as greater independence, more choice and flexibility in lifestyles, become available.

Japanese workers are suddenly being asked to become more independent and self-reliant, with very little guidance or public support.

The more sensitive managements are introducing measures encouraging employees to cut the umbilical cord with the company and build a life of their own. Companies are introducing flexible working hours which allow employees to report to work and leave any time as long as they are at the office during the core working hours, usually between 10am and 3pm.

Some employers have made it mandatory for employees to take "special" holidays off after a certain number of years of service. Others, like Fujitsu, have introduced a system to support financially employees who would like to start their own business.

Such efforts, however, need bolder steps by government to free Japanese workers from dependence on their employers. Employment services and counselling are still underdeveloped in Japan. Headhunting is rare. Strict regulations set out by the Ministry of Labour govern the types of jobs that private employment services are allowed to handle.

People looking for jobs in other categories must rely on public employment agencies whose effectiveness is questionable. Less than 20 per cent of job seekers find employment through public agencies.

Red tape remains a big obstacle to the emergence of new businesses capable of absorbing workers from mature industries that need to restructure their workforces.

Despite the fall in property prices, housing in urban areas is still beyond the reach of the average worker, leaving many Japanese employees dependent on their employer for low-cost accommodation or low-interest housing loans.

While Japanese companies have so far managed to avoid large-scale lay-offs and the unemployment rate remains below 3 per cent, the economic damage of the yen's continuing appreciation will make it increasingly difficult for even blue-chip companies to delay more radical restructuring.

The spreading popularity of anti-social religious cults and growing incidence of violent crimes are leading to concerns that the kind of social malaise seen in western societies is beginning to take root in Japan.

Unless the government acts swiftly to ensure that public policy keeps up with the changes occuring in the employment system, further damaging social repercussions seem inevitable.

Michiyo Nakamoto

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ACCOUNTANCY APPOINTMENTS

مكررا من الاصل

COMMODITIES AND AGRICULTURE

MARKET REPORT

Frost fear pushes coffee futures to 4-week highs

COFFEE prices rose sharply yesterday as the approach of the Brazilian frost season encouraged buyers and kept sellers on the sidelines. The July futures contract on the London Commodity Exchange touched a four-month high of $3,163 a tonne before closing at $3,150 a tonne, up $61 on the day, while in late trading the July position in New York was 19 cents up at 174.6 cents a pound.

"[Investment] funds and speculators are now jumping on the bandwagon and taking more frost protection," one London dealer said.

Traders had said on Wednesday, however, that it would be far too soon for frost to hit Brazilian growing ares and frost at any time was rare.

LCE COCOA prices were also firm, following New York's lead. The July futures position gained £16 on the day to reach £976 a tonne.

White SUGAR was another buoyant LCE market as prices were lifted by news of an Egyptian physical purchase and talk of buying by China, Yemen and Vietnam. In late trading was up $3.20 at $311.50 a tonne.

Base metal prices recovered from heavy losses late Wednesday and early yesterday on the London Metal Exchange on short-covering and US buying, traders said.

COPPER survived a test of critical technical support at the 1995 low of $2,780 a tonne, for three months delivery and bounced convincingly from $2,790. At the close it was quoted at $2,842.50, still $20 down on the day.

The London SILVER market had what dealers described as "a healthy shake-out" after soaring to six-year highs earlier in the week. A fall to $5.74 a troy ounce in the morning sparked "enthusiastic buying", they said, and the price closed at $5.80½, down 14 cents on balance. The GOLD price, which has been following silver, closed $3.20 down at $393.50 an ounce, while PLATINUM was $6 off at $452.75.

Compiled from Reuters

Spanish smelter chief looks forward to strong zinc market

Zinc prices are likely to rise on strong fundamental factors, Mr Rafael Benjumea, chairman and chief executive of Spain's Asturiana de Zinc, said yesterday reports Reuters.

In remarks made at an Association of Mining Analysts presentation in London he said strong demand and falling stocks should push prices higher "sooner or later".

"It is clear that prices are not reacting in a way that they should be," he said. "There is no sign that the situation is changing, and if it stays, my feeling is that the price sooner or later will react."

Zinc prices on the London Metal Exchange rose strongly last year as industrial demand from all regions improved. But the scale of the rise failed to match that in other metals, such as copper and nickel.

Three months zinc futures reached to a high of $1,239 in January this year, up from a low of $872.5 in October 1993. They have since declined to around $1,070.

Asturiana budgeted on a zinc price of $1,263 for 1995, against a realised price of $998 last year, according to the company's presentation.

Benjumea stressed the need for reducing production costs so that the company could cope with fluctuations in zinc prices. Asturiana's director general Jose Luis Gomez said recently that with lower costs the company should be profitable at around $900 a tonne.

Asturiana's San Juan smelter is the largest in the world, with a capacity of 320,000 tonnes a year.

Benjumea said Asturiana had been forced to buy metal from LME warehouses recently in order to meet demand. The strength of the Spanish market had taken the company by surprise, he said.

While LME stocks were still close to 1m tonnes, they were "going down at a fairly interesting pace," he said. He noted a shortage of quality zinc in LME warehouses, adding that producer and consumer stocks were also low.

Strong offtake was reflected in high spot premiums, which Benjumea said were $40 to $60 a tonne on the LME cash price in Europe and $176 a tonne in the US.

Mr Benjumea suggested that more Japanese zinc smelters would be forced to close if the yen remained strong against the dollar. "If the yen/dollar situation stays where it is, many Japanese smelters will have to close down because they are losing money. There is no doubt about that."

The surging yen has already caused Mitsubishi Materials Corporation to decide on withdrawing from zinc smelting. The company had planned to produce more than 95,000 tonnes of refined zinc in 1995-96 at its Akita smelter, but low yen prices and smaller returns for treatment charges paid in dollars had led to heavy losses.

EU membership brings Austrian milk shake-up

Price cuts are putting enormous strains on farmers and dairies, writes Eric Frey

When Austria joined the European Union on January 1 and the government changed its price support system to conform to the common agricultural policy the first impact was felt in the dairy market.

Milk, butter and sour cream prices tumbled by 20 to 50 per cent overnight as dairy processors started a price war to protect their market shares against the inroads of potential foreign competitors.

The price cuts are a boon to consumers, who for decades had to pay some of the highest prices in Europe. But they are putting enormous strains on farmers and dairies and will accelerate the dramatic shake-out in the dairy industry. As the price of a litre of milk on supermarket shelves dropped from Sch12 ($1.26) to about Sch9, dairy farmers saw their revenue per litre fall from Sch6 to less than Sch5. Even though the government has promised to pay farmers Sch60bn in income support schemes until 1999 to compensate for losses from EU membership, many say they cannot survive at such price levels.

Milk processors face even bigger problems. Until the end of 1993 the industry was heavily regulated and each dairy was only allowed to sell its product in a certain region at a fixed price. The huge Raiffeisen co-operative bought the milk from the farmers, passed it on to the dairies and did most of the distribution and marketing. The result was a preponderance of small dairies with massive overcapacity and an average productivity rate estimated at 40 per cent below that of their much larger German, Dutch and Danish competitors.

Their products were conventional and bland, as many Austrian producers missed out on the trend toward dessert creams and speciality yoghurts. Cheese counters had more similarity to eastern European counterparts than to those in Switzerland or France. Most imports were banned under a strict quota system.

In 1990 Raiffeisen combined all marketing and distribution activities under a new holding, AMF, but that did little to cut costs or improve quality.

Everything changed in 1994, when the government deregulated the dairy market, eased price controls and allowed dairies to market their products all over the country. Import quotas were increased, allowing foreign producers such as the German diary giant Alois Mueller capture a share of the markets for speciality products.

The move was designed to prepare the milk industry for EU membership. As intended, the sector went through a shake-out as many small dairies closed down and some of the larger ones merged to improve their economies of scale. Since January 1990, the number of dairies has more than halved from 93 to less than 40. Two of the largest dairy companies in eastern Austria, Schaerdinger und Wien Milch, formed a joint holding last year and are preparing a full merger. Deserta, a Styrian dairy group, is in talks to join the new combine, which is processing more than half of Austria's annual milk output of 2.2m tonnes.

Still, the restructuring has not gone far enough, experts say. They predict the closure of another 20 dairies in the medium term. Ultimately, there might be only three dairy groups left, in which other European food concerns would hold significant stakes. They point to a similar development in the sugar industry and the agricultural warehouses, which are both in the hands of German groups.

Imports are projected, meanwhile, to take up to 30 per cent of the dairy market. Food giants like Danone of France, Nestlé of Switzerland and Kraft of the US have only started in recent months to make inroads in Austria. Suedmilch, Bavaria's largest dairy group, is also looking south to Austria.

The topography of the Austrian Alps will always be a drawback for the Austrian dairy sector. In the mountainous regions, dairy farms have on average only eight milk cows and their costs are bound to remain higher than on the broad acres of northern Europe.

Still, experts say that Austrian producers could compete on quality if they would only improve their marketing techniques. Austrian dairy farmers could make up some of their losses in Italy, where Bavarian producers are selling 1.4m tonnes of milk annually. With EU membership, they are able to compete on equal terms and take advantage of closer proximity.

Cash famine hits research into 'orphan crops'

John Madeley on funding cuts that are holding back semi-arid cereals programmes

The International Crops Research Institute for the Semi-Arid Tropics could not be blamed for feeling as abandoned as the "orphan crops" on which its research effort is concentrated. Over the past three years funding has been slashed by 30 per cent, the heaviest cut suffered by any of the 16 institutes that are supported by the aid-funded Consultative Group on International Agricultural Research.

The institute's mandate is to conduct research in the semi-arid tropics into three cereal crops – finger millet, pearl millet and sorghum – and three legumes, chickpea, groundnut and pigeon pea. Grown mostly in Africa, Asia and Latin America, these can often survive drought and other adverse conditions; and they serve as staple foods for a sixth of the world's population.

"They are called 'orphan crops', because there has not been a long history of research into them," explains Dr James Ryan ICRISAT's director-general.

Based in the southern Indian city of Hyderabad, the institute is grappling with the problem that aid donors are expecting it to do more with less. Donors, mainly Western government and development agencies, want centres like ICRISAT not just to improve crops to yield more, but also to ensure that any increase in yields can be sustained.

Dr Ryan refers to this as "an added challenge".

"What we have to do," he says, "is to sustain and enhance the natural resources on which food production depends". His institute is trying to improve the "yielding capabilities" of the crops by making use of plant breeding and biotechnology and also by building disease and pest resistance into them "so that farmers will not have to spray them with expensive chemicals that sometimes have adverse effects of the environment and on their health".

Dr Ryan says ICRISAT tries to choose research activities "that will generate new income for the poor, provide more secure and higher food production and increased incomes, and which also bring benefit to the environment".

Improved varieties of all its crops have been developed in recent years, says the institute's director-general, but the funding squeeze means that research into finger millet – more suitable for highland areas than pearl millet – may have to be dropped. "We do not have enough for it from our core funding. . . but we are are searching for money from other sources."

Donors also recommended that ICRISAT phase out it research on pigeon pea because this is largely an Indian crop. "But pigeon pea has great potential elsewhere," says Dr Ryan. With reduced funding the institute is continuing research into the crop, and has developed varieties that grow in only three months, compared with the normal six to eight.

It is also working on a hybrid pigeon pea that offers the prospect of greater yields but means that farmers have to buy fresh seed each year. "We are now working on a scheme that will halve the cost of hybrid seed," says Dr Ryan.

He believes that pigeon pea could make a significant contribution to helping African countries, especially in the east and south, combat food and energy shortages. More nutritious than ordinary green peas, pigeon pea can survive in an areas that have only 300mm of rain a year. It develops thick leaves that help to restore soil fertility when they fall and it grows to a height of about three metres, providing seven to ten tonnes of stickwood a hectare when harvested.

In areas where wood fuel is short, the availability of pigeon pea stickwood could reduce the time that people spend searching for wood, and ease the pressure on forests and wood lots. "A hectare of pigeon pea gives a family a significant part of its wood fuel requirements," estimates Dr Ryan. With support from the African Development Bank, ICRISAT is now working to adapt the crop to African conditions.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1833-4	1832-3
Previous	1830-1	1842-3
High/low	1821	1840/1802
AM Official	1821-2	1828-9
Kerb close		1833-4
Open int.	198,470	
Total daily turnover	59,398	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1725-35	1755-65
Previous	1715-20	1740-50
High/low		
AM Official	1690-1710	1720-40
Kerb close		1755-60
Open int.	2,503	
Total daily turnover	261	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	601.5-2.5	613-4
Previous	596.5-7.5	607.5-8.5
High/low	602/601	617/605
AM Official	602-3	611-2
Kerb close		618-9
Open int.	33,040	
Total daily turnover	6,017	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7265-95	7410-20
Previous	7150-60	7285-90
High/low	7150	7430/7150
AM Official	7150-1	7260-70
Kerb close		7420-30
Open int.	49,711	
Total daily turnover	12,433	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5820-25	5835-40
Previous	5765-75	5790-800
High/low	5800/5798	5900/5700
AM Official	5798-800	5800-05
Kerb close		5890-900
Open int.	17,927	
Total daily turnover	2,911	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1052-3	1076-7
Previous	1050-5	1075-6
High/low	1047	1079/1065
AM Official	1047-7.5	1070-1
Kerb close		1078-9
Open int.	88,507	
Total daily turnover	19,858	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2860-1	2842-4
Previous	2881-2	2862-3
High/low	2853/2850	2850/2788
AM Official	2853-4	2830-1
Kerb close		2847-8
Open int.	233,577	
Total daily turnover	121,694	

■ LME AM Official £/$ rate: 1.6143
LME Closing £/$ rate: 1.6135

Spot:1.6159 3 mths:1.6147 6 mths:1.6117 9 mths:1.6061

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Apr	130.55	+0.80	131.80	130.50	544	254
May	130.00	+0.60	131.50	129.25	16,889	1,607
Jun	129.55	+0.75	130.90	129.20	1,030	79
Jul	128.75	-	130.50	127.40	15,792	1,507
Aug	127.75	+1.50	-	-	499	85
Oct	126.75	+1.50	128.50	126.20	3,775	320
Total					45,619	4,364

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	393.30-393.70		
Opening	394.10-394.50		
Morning fix	393.35	244.438	446.059
Afternoon fix	393.30	243.138	444.704
Day's High	394.10-394.50		
Day's Low	392.50-392.90		
Previous close	395.50-396.30		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.30	6 months	5.26
2 months	5.29	12 months	5.22
3 months	5.29		

Silver Fix	p/troy oz.	US cts equiv.
Spot	349.56	565.00
3 months	354.70	572.70
6 months	360.85	581.35
1 year	374.40	599.45

Gold Coins	$ price	£ equiv.
Krugerrand	396-399	246-249
Maple Leaf	404.80-407.35	-
New Sovereign	92-95	57-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	392.5	-2.4	393.8	392.4	252	115
May	393.2	-2.7	-	-	339	501
Jun	394.7	-2.7	397.5	394.0	103,642	45,244
Aug	398.1	-2.7	400.3	397.5	23,314	1,227
Oct	401.5	-2.8	404.0	401.8	7,130	1,092
Dec	405.0	-2.9	406.9	404.5	15,830	375
Total					199,495	49,508

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	451.4	-8.1	456.0	450.0	128	3
Jul	450.4	-7.3	457.0	448.1	18,973	2,168
Oct	452.9	-7.3	459.0	450.5	3,454	233
Jan	455.4	-7.3	460.5	454.0	1,800	-
Apr	458.9	-7.3	-	-	507	175
Total					25,583	2,579

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	168.05	-4.95	-	-	20	16
Jun	169.05	-4.95	175.00	168.80	5,384	603
Sep	170.85	-5.15	174.00	170.50	1,837	172
Dec	172.10	-5.15	177.00	174.00	163	2
Total					7,404	793

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Apr	568.9	-10.0	583.5	564.0	21	37
May	569.2	-10.3	587.5	563.0	37,686	29,439
Jun	575.8	-10.8	594.0	570.0	-	-
Jul	581.5	-10.9	600.0	572.0	42,508	11,602
Sep	590.7	-11.0	608.5	584.0	9,734	1,049
Dec	593.8	-11.0	-	-	15,220	1,212
Total					136,667	43,417

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
May	20.78	+0.37	20.82	20.31	27,340	33,832
Jun	20.36	+0.35	20.42	20.03	106,514	60,774
Jul	19.97	+0.24	20.00	19.73	52,683	15,606
Aug	19.58	+0.14	19.60	19.41	28,616	7,840
Sep	19.27	+0.09	19.26	19.17	18,631	2,718
Oct	19.05	+0.04	19.07	18.99	14,230	1,363
Total					365,653	133,882

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Jun	18.73	+0.23	18.82	18.60	69,387	28,017
Jul	18.29	+0.22	18.32	18.18	20,569	8,008
Aug	17.98	+0.16	17.98	17.88	15,291	4,496
Sep	17.73	+0.14	17.75	17.64	8,414	1,458
Oct	17.58	+0.11	17.61	17.55	6,305	1,653
Dec	17.45	+0.11	17.49	17.45	2,683	158
Total					141,680	44,583

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
May	50.70	+0.55	50.95	50.10	24,122	12,044
Jun	50.80	+0.40	51.15	50.40	26,858	7,800
Jul	51.00	+0.35	51.20	50.80	19,238	3,945
Aug	51.25	+0.25	51.50	51.10	5,088	2,802
Sep	51.85	+0.25	52.10	51.85	5,078	3
Oct	52.50	+0.05	52.50	52.50	4,241	16
Total					121,154	27,616

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	162.50	+2.75	163.75	160.75	26,101	14,702
Jun	160.00	+2.00	161.00	158.75	22,559	12,973
Jul	158.50	+1.00	159.75	158.00	9,813	7,405
Aug	159.25	+0.75	160.00	158.00	3,796	1,678
Sep	160.25	+0.50	161.25	160.25	4,704	125
Dec	165.50	+0.50	166.50	165.50	13,060	2,295
Total					87,292	49,288

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
May	1.734	+0.017	1.745	1.718	17,679	18,821
Jun	1.790	+0.025	1.800	1.765	24,531	10,772
Jul	1.788	+0.014	1.800	1.765	19,866	4,253
Aug	1.785	+0.016	1.790	1.765	15,527	2,990
Sep	1.778	+0.010	1.785	1.760	14,268	1,710
Oct	1.800	+0.009	1.805	1.790	11,309	1,338
Total					159,278	42,179

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
May	63.05	-0.10	63.50	62.85	29,392	23,447
Jun	62.60	+0.30	62.25	61.55	29,770	18,234
Jul	60.50	+0.30	60.75	60.20	13,537	8,083
Aug	59.45	+0.25	59.20	58.95	5,786	2,490
Sep	57.80	+0.35	58.00	57.75	3,101	708
Oct	56.05	+0.20	56.15	56.05	1,739	144
Total					86,677	51,168

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	120.05	+1.10	120.00	119.00	1,382	348
Jul	121.25	+1.15	121.00	119.75	745	128
Sep	104.40	-0.50	104.75	104.50	382	38
Nov	105.80	-0.40	105.85	105.40	2,700	212
Jan	107.60	-0.30	107.85	107.50	898	57
Mar	109.50	-	-	-	426	-
Total					6,631	781

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
May	351/6	+1/2	352/6	349/0	10,728	3,214
Jul	348/6	+1/2	350/2	347/0	35,674	14,700
Sep	355/0	+1/4	356/4	353/4	5,908	1,553
Dec	367/4	+0/2	368/6	365/6	5,243	1,685
Mar	371/2	-0/2	372/0	370/0	390	65
Jul	341/0	+1/0	342/6	341/0	53	15
Total					57,996	21,212

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
May	246/0	+1/6	246/2	244/4	56,849	17,111
Jul	252/6	+1/4	253/2	251/6	124,094	17,076
Sep	257/4	+2/2	257/6	256/0	25,130	2,529
Dec	260/6	+2/0	261/0	259/4	116,844	11,024
Mar	267/0	+1/6	267/4	265/6	11,761	147
May	271/4	+2/2	271/4	270/0	794	3
Total					247,292	48,088

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	112.15	+0.40	112.25	112.00	148	54
Sep	103.55	+0.15	103.50	103.50	146	5
Nov	104.90	-0.10	-	-	579	-
Jan	106.65	-0.10	106.75	106.75	206	16
Mar	108.00	-	-	-	106	-
May	108.75	-	-	-	15	-
Total					1,200	74

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
May	569/2	+3/2	570/2	566/4	25,557	10,863
Jul	581/2	+3/4	582/0	578/0	59,283	27,661
Aug	586/0	+3/4	587/0	583/2	8,761	1,376
Sep	589/6	+3/2	590/0	586/4	4,782	580
Nov	598/4	+4/0	597/4	593/4	36,842	7,368
Jan	605/0	+4/4	606/0	602/0	2,582	183
Total					149,788	48,499

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
May	25.34	+0.17	25.49	25.25	19,598	5,308
Jul	25.04	+0.15	25.20	24.98	32,284	10,102
Aug	25.02	+0.12	25.18	24.95	8,445	1,489
Sep	25.00	+0.08	25.10	24.93	8,403	1,447
Oct	24.90	+0.07	24.97	24.85	6,258	759
Dec	24.74	+0.04	24.85	24.70	14,467	1,570
Total					90,869	20,722

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
May	164.7	+1.4	164.8	163.2	20,210	10,765
Jul	169.8	+1.3	169.8	168.2	35,715	23,229
Aug	171.8	+1.2	172.0	170.5	9,648	1,316
Sep	173.7	+1.3	174.0	172.5	7,457	1,707
Oct	175.5	+1.2	175.9	174.2	10,087	1,199
Dec	178.7	+1.0	179.1	177.7	12,694	1,792
Total					96,912	40,269

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	308.5	-6.0	305.0	300.0	179	25
Jun	250.0	-	-	-	-	-
Nov	105.0	-	-	-	-	-
Mar	250.0	-	-	-	-	-
Apr	123.8	-2.7	125.0	122.0	210	45
May	136.0	-	-	-	-	-
Total					391	79

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	2280	-18	-	-	573	-
May	2265	-30	2310	2270	1,066	44
Jun	2160	-44	2205	2154	225	67
Jul	1996	-20	2005	1990	1,074	50
Oct	1963	-28	1975	1965	1,124	10
Jan	1985	-25	1905	1890	408	14
Total					4,598	175

	Close	Prev
BFI	2268	2271

Wool
No wool auctions have been held this week and holidays affect much of the trade. This is not always accompanied by poor trading in the processing and manufacturing sectors of the wool-using industry, but this year there is unusually emphatic mention of the absence of buying interest. Resistance from retailers to price rises remains determined and associated with it are uncertainties about the pace and even continuation of recovery from recession. Extremely large currency changes favouring the strong and undermining the weak have great importance not just to those involved with the raw material but to those involved with manufacture for export. Uncertainty holds back business everywhere and there is the additional anxiety about interest rate rises to deal with currency rates which might have adverse effects on economic recovery itself.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	944	+11	945	938	18,608	898
Jul	976	+16	978	968	22,324	1,732
Sep	996	+17	995	987	17,583	1,097
Dec	1018	+15	1017	1011	23,302	834
Mar	1040	+17	1039	1031	24,937	863
May	1050	+17	-	-	8,201	-
Total					122,348	5,586

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
May	1398	+16	1400	1381	8,047	502
Jul	1397	+18	1399	1380	30,619	8,743
Sep	1415	+19	1416	1398	13,943	1,773
Dec	1441	+15	1444	1428	9,510	88
Mar	1473	+15	1470	1458	8,022	5
May	1492	+15	-	-	4,543	-
Total					77,976	9,109

■ COCOA (ICCO) (SDR's/tonne)

Apr 19	Price	Prev. day
Daily	914.20	917.73

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	3174	+40	3187	3152	8,907	3,207
Jul	3151	+61	3183	3112	13,460	4,055
Sep	3116	+63	3120	3070	9,079	781
Nov	3088	+60	3090	3050	1,778	106
Jan	3065	+63	3050	3023	319	9
Mar	3045	+65	-	-	6	-
Total					33,537	8,168

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	169.20	+0.05	172.00	168.00	2,868	8,190
Jul	173.15	+0.35	175.80	172.80	15,774	9,341
Sep	174.95	+0.45	177.25	174.60	7,214	1,633
Dec	175.30	+0.55	177.75	175.25	5,453	218
Mar	178.00	0	178.75	178.00	1,834	174
May	178.00	+0.05	-	-	81	-
Total					33,919	17,557

■ COFFEE (ICO) (US cents/pound)

Apr 19	Price	Prev. day
Comp. daily	159.71	158.38
15 day average	157.23	158.99

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	13.83	+0.28			1,287	-
Jul	13.39	-0.51			2,380	-
Oct	12.59	-			-	-
Jan	13.25	-			-	-
Mar	12.03	-			2,000	-
Total					5,627	-

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Aug	340.10	+5.90	341.0	334.2	12,631	1,645
Oct	311.30	+3.00	312.0	308.0	4,427	545
Dec	304.20	+4.20	304.5	302.0	2,287	80
Mar	304.10	+3.80	304.5	301.3	1,242	31
May	304.00	+4.00	305.6	303.5	290	10
Aug	303.10	+3.40	304.6	300.7	139	16
Total					21,023	2,328

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	13.08	+0.27	13.13	13.00	32,583	8,637
Jul	11.89	+0.12	11.97	11.83	57,611	8,251
Oct	11.27	+0.12	11.31	11.21	34,141	2,312
Mar	11.08	+0.14	11.10	11.02	18,740	1,310
May	10.94	+0.04	10.98	10.96	5,576	397
Jul	10.82	+0.02	10.88	10.86	5,268	384
Total					154,880	21,276

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	113.50	+2.00	113.50	113.50	5,783	1,154
Jul	105.73	+2.00	105.37	105.00	18,557	3,893
Oct	84.73	+1.40	84.80	83.80	7,867	685
Dec	79.48	+0.77	79.50	78.80	25,704	2,396
Mar	80.60	+0.65	80.55	80.20	7,428	341
May	80.85	+0.55	80.85	80.42	2,412	100
Total					66,838	8,382

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	109.80	-1.00	110.80	109.80	7,103	1,868
Jul	114.40	-0.90	115.25	114.35	13,220	2,351
Sep	117.35	-1.05	118.20	117.30	6,481	198
Nov	111.85	-0.90	112.50	112.25	2,202	157
Jan	112.55	-0.85	113.00	112.55	2,757	112
Mar	114.55	-0.85	-	-	813	-
Total					32,944	4,884

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Apr 20	Apr 19	month ago	year ago
2319.5	2304.8	2323.4	1814.2

■ CRB Futures (Base: 1967=100)

Apr 19	Apr 18	month ago	year ago
236.81	236.92	234.48	-

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	66.675	-0.175	66.750	66.375	4,021	2,445
Jun	62.425	+0.175	62.700	62.025	30,886	8,743
Aug	60.625	-0.125	61.000	60.450	11,071	2,257
Oct	62.125	-	62.275	61.875	9,630	1,150
Dec	63.350	-0.025	63.625	63.225	3,792	558
Feb	64.275	-0.025	64.350	64.150	2,513	84
Total					59,922	16,254

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	37.900	-0.575	38.125	37.700	433	331
Jun	43.225	-0.850	43.975	43.100	13,179	3,344
Aug	42.450	-0.800	43.200	42.400	4,621	846
Oct	40.125	-0.350	40.600	40.000	3,532	396
Dec	40.700	-0.425	41.125	40.500	3,611	143
Feb	41.750	-0.300	42.000	41.625	1,133	51
Total					27,055	4,984

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	40.450	-0.700	41.200	40.400	3,056	885
Jul	40.125	-0.600	40.600	40.050	3,286	996
Aug	38.000	-0.125	38.550	38.000	752	177
Feb	50.075	-0.875	50.300	50.000	156	28
Mar	48.800	-0.800	48.700	48.800	19	1
May	51.000	-	-	-	-	-
Total					7,260	2,088

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Jul	Oct	Jul	Oct
1750	143	175	58	101
1800	115	128	79	125
1850	90	150	104	151
■ COPPER (Grade A) LME	Jul	Oct	Jul	Oct
2800	87	65	64	120
2850	64	88	89	150
2900	45	50	119	183
■ COFFEE LCE	May	Jul	May	Jul
3050	241	304	140	238
3100	215	280	164	264
3150	190	261	189	295
■ COCOA LCE	May	Jul	May	Jul
900	88	117	12	21
925	70	89	19	28
950	54	83	28	37
■ BRENT CRUDE IPE	Jul	Oct	Jul	Oct
1750	108	88	36	80
1800	79	89	54	111
1850	55	52	82	144

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jun)		+or-
Dubai	$17.84-7.94w	+0.105
Brent Blend (dated)	$19.20-9.24	+0.51
Brent Blend (Jun)	$18.73-8.75w	+0.29
W.T.I. (1pm est)	$20.32-0.34w	+0.40

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$200-201	+3
Gas Oil	$166-167	+1
Heavy Fuel Oil	$106-107	-1
Naphtha	$170-171	+1
Jet fuel	$178-179	+3
Diesel	$170-171	+1.5

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER		
Gold (per troy oz)♣	$393.50	-3.2
Silver (per troy oz)♣	580.50c	-14.5
Platinum (per troy oz.)	$452.75	-6.00
Palladium (per troy oz.)	$171.25	+1.00
Copper (US prod.)	134.0c	-6
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	14.05m	-0.16
Tin (New York)	280.50c	+5.0
Cattle (live weight)†	123.12p	-0.81*
Sheep (live weight)†♠	134.79p	+8.30*
Pigs (live weight)†	90.49p	+3.28*
Lon. day sugar (raw)	$329.8	+2.7
Lon. day sugar (wte)	$350.0	+4.0
Tate & Lyle export	£316.0	+3.0
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£143.0	+2.0
Wheat (US Dark North)	£165.0	
Rubber (May)♥	117.75p	-0.25
Rubber (Jun)♥	117.25p	-0.25
Rubber (KL RSS No1)	450.0m	-1.5
Coconut Oil (Phil)§	$810.0y	+12.5
Palm Oil (Malay.)§	$607.5q	
Copra (Phil)§	$403.0u	
Soyabeans (US)	£168.0	
Cotton Outlook'A' index	115.80c	+1.6
Wooltops (64s Super)	525p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. u Apr/May w Jun. z Apr. y Jun/Jul. q May ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week † Prices are for previous day.

JOTTER PAD

CROSSWORD

No.8,741 Set by CINCINNUS

ACROSS
1 Naval vessel expected to be overpowering (6)
4 Papering small fish, we hear (8)
10 Ring has odd embellishment (7)
11 Sap crossing street for fair play (7)
12 Begin without disguise (4)
13 A heartless falsehood and a swindle for a fan (10)
15 Take away tar on pipe (6)
16 Hooter set off by insects (7)
20 Father is child? What a thrill! (7)
21 Setback for one who won't admit being checked? (6)
24 Wanting yearly inclusion is hopeless (10)
26 Came down a hill (4)
28 Delayed arrival drawn out (7)
29 Investor's capital invested in fruit is relevant (7)
30 Calmly submissive, did not keep appointment (8)
31 Listen to a tiptop nurse (6)

DOWN
1 Malay garment is turned up for foreign ladies (8)
2 Liquor salesman has to stop entering exchange (9)
3 A single thing discovered by fool after university . . . . (4)
5 . . . . a thing, alternatively, he doesn't accept (8)
6 Maker of reductions? (10)
7 One having little business with a Spanish resort (5)
8 Proceeds from farms (4,2)
9 Refuse tea very loudly (5)
14 I can get ski resort to provide winter sport (3-7)
17 Green ain't turning orange (9)
18 Dish served in prison (8)
19 One did lose out, being worshipped (8)
22 Journey round – round to journalist (6)
23 Old Peruvians of a certain caste (5)
25 Classes out of which one is unwell (5)
27 Mark a place (4)

Solution 8,740

Long-dated US Treasuries lose early gains

By Maggie Urry in New York and Conner Middelmann in London

The US Treasury market rallied yesterday morning on further indications of a slowing economy from the Federal Reserve Bank of Philadelphia, and a firming in the dollar.

However, the market was unable to hold on to most of the gains at the longer end and the yield curve steepened again to 93 basis points from 90 basis points in late Wednesday trading.

Near midday, the benchmark 30-year Treasury was up 3/16 at 103 5/16, to yield 7.343 per cent.

At the short end of the market, the two-year note was up 3/32 at 100 11/32, yielding 6.414 per cent.

The Philly Fed report of business activity showed a decline in March of 16.7 in the general activity index, the lowest reading since February 1991.

The previous month saw a rise of 3.3. The prices paid index fell to 31.7 in April from 41.4 in March, while the prices received index *dropped to 2.8* in April from 16.4 in March, indicating a favourable inflationary outlook.

GOVERNMENT BONDS

The dollar was trading firmer against the yen at Y82.97, compared with the late Wednesday level of Y81.30. It rose against the German currency to DM1.3800.

■ Several European government bond markets yesterday *recouped some of* the losses sustained on Wednesday, underpinned by firmer US Treasuries and gains in their recently battered currencies.

■ French bonds were mixed, with the long end of the yield curve unchanged and the short *end recovering* from its hammering on Wednesday.

A good reception for the government's latest two-year note auction lifted sentiment at the short end. Activity was light, however, with dealers awaiting the first round of presidential elections on Sunday.

Matif, the French futures exchange, will hold a special trading session on Sunday night (8pm to 10pm, Paris time) on its Globex trading system. If, as many expect, prime minister Mr Edouard Balladur is knocked out and Mr Jacques Chirac and Mr Lionel Jospin enter the final round, the bond market is expected to register small gains. However, most would still favour Mr Balladur over Mr Chirac.

"There may be a slightly positive reaction, especially if Mr Chirac shows that he is trying to unify the right wing with a programme which is a bit closer to the views of the people who voted for Mr Balladur," said Mr Dominique Barbet, bond strategist at Paribas in Paris.

■ UK gilts were lifted by sterling's recovery, firmer US Treasuries *and short-covering after* Wednesday's slide.

Prices dipped in the morning when budget deficit data showed a larger-than-expected deficit in March and an overshoot of the public sector borrowing requirement for the fiscal year 1994-95. However, gilts soon recovered and the long gilt future on Liffe ended at 103 25/32, up 7/16.

■ German bonds ended a quiet session slightly higher, with the June bund futures contract on Liffe ending 0.10 point higher at 92.45. Dealers reported scant investor activity *and forecast more technical* and currency-driven trading.

Many remain optimistic on the near-term prospects for bunds, in spite of several days of range-bound trading. "I'd still be reasonably confident about German bonds rallying further," said Mr Julian Callow, *economist at Kleinwort* Benson.

Although bunds are having trouble breaking below the 7 per cent yield level, which corresponds roughly to 93.00 on the future, "I am looking for German inflation to go to 2.1 per cent in April and below 2 per cent by the summer, which could help the bund breach the 7 per cent mark," he said.

Dresdner abandons fixed price for BNP

By Antonia Sharpe

The difficult conditions in the eurobond market prompted Dresdner Bank to abandon the fixed-price reoffer method when it arranged a DM250m offering of five-year eurobonds for Banque Nationale de Paris yesterday.

INTERNATIONAL BONDS

Dresdner said it was still committed to using the fixed-price reoffer when it arranged deals targeted at institutional investors. However, it said the pricing method was not appropriate for a retail-oriented *issue such as the one for BNP* which would take some time to place.

Wednesday's D-Mark deal for the Council of Europe has highlighted the difficulties which lead managers can encounter if they fix the price of a deal when the underlying bond market is volatile and when institutional investors show no interest in buying the bonds immediately.

ABN Amro had priced the Council of Europe deal to yield 16 basis points over German government medium-term notes, *but* by launch the spread had narrowed to 12 basis points because of a drop in the bond market. When the bonds started trading the spread widened again because of the lack of investor demand. Yesterday, the spread on the bonds stood at 18 basis points.

Dresdner said that by not using the fixed-price reoffer it hoped to protect its syndicate *members against price* volatility and give them more flexibility when placing the bonds. The prices on the screens indicated a yield spread on BNP's bonds of *31* to *32* basis points over German government notes. However, the break-even level for co-managers was at 35 basis points.

Dresdner said it had underwritten about half of the deal and by the late afternoon it *had placed about one-quarter* of its position. However, other syndicate managers were sceptical and added BNP's issue to the stockpile of unsold bonds in the market. In the late afternoon, BNP's bonds traded at 99.35, above the break-even level of 99.25.

ABN Amro had little luck with its Fl 300m offering of 10-year eurobonds for the European Investment Bank which was tightly priced, as is usual with EIB deals. Syndicate managers said the yield spread on the bonds of 8 basis points over Dutch government bonds was closer to 4½ basis points if the delayed-rate settlement was taken into account. ABN said the spread on the EIB's deal was unchanged at 8 basis points in the afternoon, although others said it had widened by several basis points.

EBN, the Dutch state gas group, tapped the euroguilder sector for Fl 250m through an offering of six-year eurobonds. The proceeds of both deals were kept in guilders.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
ACCMT II. Series 1995-C(a1)‡	488.75	(a1,a)	99.94255	Jun.2002	0.375	-	Salomon Brothers
Lennar US Partners(b)	279.272	-	-	-	-	-	Morgan Stanley
D-MARKS							
Banque Nationale de Paris	250	6.50	101.75	May.2000	2.50	-	Dresdner Bank
GUILDERS							
European Investment Bank	300	7.25	99.79R	May.2005	0.325R	+8(7¼%-05)	ABN Amro Hoare Govett
Energie Beheer Nederland	250	6.75	99.60R	May.2001	0.275R	+14(8¼%-01)	Rabobank/ Swiss Bank Corp.
LUXEMBOURG FRANCS							
Rabobank Nederland	2bn	7.70	102.10	Jun.2005	2.00	-	BGL
Asik-Cger Ilico	3bn	zero	66.625	Jun.2001	1.375	-	Banque UCL
CANADIAN DOLLARS							
Ford Credit Canada(c)	*100*	*8.625*	*100.225R*	*Dec.2000*	*0.30R*	*+45(8½%-00)*	*ScotiaMcLeod*
ESCUDOS							
BOATS-I (Luxembourg)(d)‡	10bn	(d1)	100.00	Dec.1999	undiscl.	-	Banco Cisf/Banco Financia

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) Advanta Credit Card Master Trust II. Legal maturity: Jan.05. a1) Tranche A. 3-mth Libor +20bp. a2) Tranche B: $34¼m, Jul.02, 3-mth Libor +34bp, par. b) Structured Notes Series 1995-1. 7-tranche deal. c) Short 1st coupon. d) Bond Obligation Asset Trust Securities. Secured on domestic public debt of AAA-rated EU member states. d1) 6-mth Libor +20bp.

Roche sets record with $2.15bn LYON deal

By Conner Middelmann

Roche Holdings, the Swiss pharmaceuticals group, yesterday completed the largest issue of liquid yield option notes (LYONs) by a non-US issuer. LYONs are essentially *long-dated zero-coupon* convertible bonds.

The transaction was privately placed in the US under the Securities and Exchange Commission's Rule 144a, which allows companies not registered with the SEC to place paper with qualified institutional investors.

The principal amount of the issue is $2.15bn, raising gross proceeds of $766m for Roche.

The notes, which were sold *at a deep discount of 35.63* per cent of the principal amount, have a maturity of 15 years, with put options after four and eight years.

The yield to the *four-year* put is 5½ per cent and the yield to the eight-year put and maturity is 7 per cent.

The notes are convertible into American depositary shares at an initial conversion premium of 30 per cent (the second-highest premium ever on a European convertible), reflecting Roche's confidence in future share price gains. The highest was set by Roche's previous LYON issue in September 1993, at 33 per cent.

"The goals of this transaction are twofold: strategic and economic," said Mr Philippe Pillonel, Swiss client relationship manager at Merrill Lynch, arrangers of the deal.

Merrill has developed the LYONs market and has under*written* some 88 per cent of the $20bn LYONs outstanding.

Not only does the structure offer Roche very low-cost funding, it also enables it to further expand its US investor base, Mr Pillonel says.

French, German exchanges choose more radical path

Last week, observers of the derivatives markets were waiting for a simple decision on which French products would be offered electronically to their German counterparts.

Instead, they got an announcement which could radically change the future shape of European financial markets.

Initially, there was confusion at the delay in the long-awaited decision on which two from four French derivative products would be offered to the German derivatives exchange to be traded electronically by screen.

Matif, the French futures exchange, said it had entered far more ambitious, wide-ranging talks with the Paris bourse and the two equivalent bodies in Frankfurt.

The aim was a more extensive co-operation which could *lead to shares* as well as derivatives being available to members of the different exchanges across borders.

Mr Dominique Depras, head of Aprim, the association of members of Matif that was debating the choice of Matif products to be offered to the German exchanges, expresses enthusiasm.

"It is as though we were asked to recommend the choice of engine for a Falcon, and now find we are going to be flying a jumbo jet," he said yesterday. "This is definitely good news for our members. But we cannot make a decision until we know what the environment will be like."

Mr Gérard Pfauwadel, head of Matif, says the action to open broader negotiations was caused by the recent decision of Deutsche Terminbörse, the Frankfurt derivatives exchange, in effect to become a subsidiary of Deutsche Börse, the city's stock exchange.

By bringing the Société des Bourse Françaises, operator of the Paris stock exchange and one-third owner of Matif, into the discussions, he believes the "symmetry" is being restored with the newly-shaped structures for the markets in Frankfurt. He sees no likelihood of equivalent changes to the ownership and governance of Matif in Paris.

It also brings forward discussions scheduled for later this year *on the* more strategic third phase of Matif's link-up with DTB. Phase one, already in place, involved the choice of *two DTB products* being available in Paris. Phase two, the reciprocal Matif products, is on schedule for the end of this year, Mr Pfauwadel says.

'It is as though we were asked to recommend the choice of engine for a Falcon, and now we find we are going to be flying a jumbo jet'

For the future, he argues that a new agreement including the stock exchanges could have broader implications: moving from the development of trading to clearing and settlement involving a wide range of products.

It might ultimately lead to some degree of shared "corporate governance" between the exchanges.

"There will be intensive discussions over the next two to three months," he says. "Our overall aim is a strategy to address the shape of what Europe will be like in the next few years."

Andrew Jack

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	95.4300	+0.110	9.75	9.80	10.23
Austria		7.500	01/05	100.6300	-0.100	7.40	7.44	7.65
Belgium		*8.500*	*03/05*	*90.3200*	*+0.050*	*7.94*	*7.91*	*8.33*
Canada *		9.000	12/04	102.1500	+0.200	8.66	8.56	8.68
Denmark		7.000	12/04	88.7000	+0.150	8.78	8.79	9.19
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	97.2700	+0.050	7.89	7.79	8.25
Germany Bund		7.375	01/05	101.8800	+0.110	7.09	7.15	7.43
Ireland		6.250	10/04	83.5000	+0.150	8.83	8.82	8.60
Italy		9.500	01/05	80.3000	+0.100	13.15†	12.91	13.12
Japan	No 119	4.800	06/99	108.8290	-0.020	2.59	2.80	3.51
	No 174	4.600	09/04	109.2090	-	3.32	3.56	4.18
Netherlands		7.750	03/05	103.7800	+0.060	7.20	7.28	7.58
Portugal		11.875	02/05	97.5000	-0.500	12.31	12.22	12.14
Spain		10.000	02/05	87.7600	+0.430	12.17	12.09	12.53
Sweden		6.000	02/05	68.0350	-0.480	11.63	11.39	11.31
UK Gilts		6.000	08/99	92-01	+2/32	8.25	8.24	8.63
		8.500	12/05	100-25	+10/32	8.39	8.45	8.73
		9.000	10/08	104-31	+12/32	8.38	8.45	8.71
US Treasury *		7.500	02/05	103-10	+8/32	7.02	7.10	7.31
		7.625	02/25	103-07	+15/32	7.36	7.40	7.54
ECU (French Govt)		8.000	04/04	86.4200	+0.410	8.19	8.25	8.73

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
		One month	5.80	Two year	6.47
Prime rate	9	Two month	5.82	Three year	6.57
Broker loan rate	6½	Three month	5.77	Five year	6.78
Fed.funds	5 13/16	Six month	5.98	10-year	7.03
Fed.funds at intervention	-	One year	6.17	30-year	7.36

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	112.60	112.52	-	112.68	112.44	111,673	109,662
Sep	112.18	112.12	-0.02	112.24	112.12	1,435	7,286
Dec	111.92	111.86	-0.03	111.92	111.92	2	963

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS May	CALLS Jun	CALLS Sep	PUTS May	PUTS Jun	PUTS Sep
111	-	-	-	0.05	0.35	1.23
112	0.74	1.17	1.75	0.20	0.61	1.58
113	0.18	0.51	-	0.67	1.08	-
114	*0.04*	*0.26*	*0.81*	-	*1.67*	-
115	0.02	0.09	-	-	-	-

Est. vol. total, Calls 11,714 Puts 12,651. Previous day's open int., Calls 154,869 Puts 215,109.

Germany

■ *NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%*

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.51	92.45	+0.10	92.59	92.32	88700	181937
Sep	91.85	91.90	+0.11	91.90	91.82	118	5171

■ *BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%*

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
9200	0.47	0.85	0.73	1.04	0.02	0.40	0.83	1.14
9250	0.08	0.56	0.51	0.80	0.13	0.61	1.11	1.40
9300	0.01	0.35	0.34	0.60	0.56	0.90	1.44	1.70

Est. vol. total, Calls 9906 Puts 8880. Previous day's open int., Calls 176713 Puts 158265

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.20	93.24	+0.20	93.54	93.10	22534	46185
Sep		92.58	+0.20			0	139

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
9300	1.37	2.16	1.13	2.57
9350	1.11	1.94	1.37	2.85
9400	0.88	1.74	1.64	3.15

Est. vol. total, Calls 4318 Puts 937. Previous day's open int., Calls 45417 Puts 35672

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	82.25	82.37	+0.41	82.61	82.17	49,963	48,434

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	*103-18*	*103-27*	*+0-14*	*104-02*	*103-13*	*41533*	*86715*
Sep	103-10	103-15	+0-13	103-14	103-10	370	428

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
103	*0-55*	*1-26*	*1-30*	*1-61*	*0-02*	*0-36*	*1-00*	*1-31*
104	0-09	0-53	0-63	1-30	0-19	0-63	1-33	2-00
105	0-01	0-27	0-40	1-05	1-11	1-37	2-10	2-39

Est. vol. total, Calls 3074 Puts 2392. Previous day's open int., Calls 38571 Puts 52222

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	83.30	83.52	+0.52	83.52	83.24	2,082	7,674

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	104-27	104-30	+0-02	105-05	104-26	432,824	367,140
Sep	*104-14*	*104-16*	*+0-03*	*104-22*	*104-11*	*4,205*	*19,492*
Dec	104-05	104-02	+0-06	104-06	104-02	1,031	1,953

Japan

■ *NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%*

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	116.85			117.05	116.42	3952	0

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Apr 20	Day's change %	Wed Apr 19	Accrued interest	xd adj. ytd		Low coupon yield Apr 20	Apr 19	Yr. ago	Medium coupon yield Apr 20	Apr 19	Yr. ago	High coupon yield Apr 20	Apr 19	Yr. ago
1 Up to 5 years (23)	119.03	+0.03	118.99	0.98	4.27	5 yrs	8.29	8.29	7.58	8.36	8.37	7.77	8.49	8.51	7.88
2 5-15 years (21)	141.33	+0.23	141.01	1.91	4.13	15 yrs	8.33	8.36	7.80	8.40	8.44	7.96	8.60	8.65	8.20
3 Over 15 years (9)	158.07	+0.32	157.56	1.75	4.74	20 yrs	8.32	8.34	7.81	8.40	8.44	7.93	8.54	8.59	8.11
4 Irredeemables (6)	183.02	+0.17	182.72	4.20	1.47	Irred.†	8.36	8.38	7.98						
5 All stocks (59)	137.74	+0.18	137.50	1.56	4.31										

Index-linked							Inflation 5% Apr 20	Apr 19	Yr. ago	Inflation 10% Apr 20	Apr 19	Yr. ago
6 Up to 5 years (2)	191.89	+0.05	191.80	0.25	2.57	Up to 5 yrs	3.32	3.33	3.33	1.78	1.79	2.33
7 Over 5 years (11)	177.85	+0.18	177.52	0.64	1.73	Over 5 yrs	3.81	3.82	3.45	3.60	3.61	3.28
8 All stocks (13)	178.39	+0.17	178.09	0.61	1.81							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Apr 20	Apr 19	Apr 18	Apr 13	Apr 12	Yr ago	High*	Low*
Govt. Secs. (UK)	92.11	92.12	92.33	92.31	92.21	95.96	92.33	90.22
Fixed interest	111.00	111.26	111.33	110.91	110.84	115.10	111.33	108.77

* for 1995. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Apr 19	Apr 18	Apr 13	Apr 12	Apr 11
Gilt Edged bargains	88.6	76.2	72.6	77.6	82.0
5-day average	79.4	76.5	80.0	84.1	87.8

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1995 High	1995 Low
Shorts" (Lives up to Five Years)						
Exch 10¼pc 1995	10.15	8.31	101	—	101⅞	101
Treas 12¾pc 1995‡‡	12.32	8.57	103½xd	—	104⅞	103½
14pc 1996	13.32	8.93	105⅛	-1/16	106⅞	105⅛
15¼pc 1996‡‡	14.12	7.07	108xd	-1/16	109⅝	108
Exch 13¼pc 1996‡‡	12.46	7.12	106⅛xd	-1/16	107¼	106⅛
Conversion 10pc 1996	9.85	7.48	103⅝xd	-1/16	103 27/32	103 3/16
Treas 13¼pc 1997‡‡	*12.18*	*7.63*	*109*	—	*109 5/16*	*108 13/16*
Exch 10½pc 1997	10.03	7.66	104 25/32	—	105 15/32	104 3/16
Treas Cnv 7pc 1997‡‡	7.11	7.72	98 13/32	+1/16	98 15/32	97⅛
Treas 8¾pc 1997‡‡	8.59	7.85	101 13/16	—	102	100 3/16
Exch 15pc 1997	12.96	7.98	115¾xd	—	116 3/16	114 13/16
9¾pc 1998	9.38	8.07	104	—	105 9/32	102¾
Treas 7¼pc 1998‡‡	7.41	8.06	97 27/32	—	98¼	96 3/16
Treas 6¾pc 1995-98‡‡	7.00	8.07	96 13/32xd	—	96 27/32	94 13/16
Treas 15½pc '98‡‡	12.74	8.13	121 21/32	+1/16	122 3/16	120⅛
Exch 12pc 1998	10.77	8.24	111 13/32xd	+1/16	111 13/16	109 29/32
Treas 9½pc 1999‡‡	9.14	8.23	103 29/32	—	104 3/16	100⅞
Treas Flg Rate 1999	-	-	100⅛	—	100⅛	99 31/32
Exch 12¼pc 1999	10.85	8.30	112 29/32	—	113 5/16	111 1/16
Treas 10½pc 1999	9.77	8.31	107 13/32xd	+1/16	107 13/16	105 13/16
Treas 6pc 1999‡‡	6.52	8.23	92 1/16	—	92 13/16	89 13/16
Conversion 10¼pc 1999	9.57	8.37	107 1/16xd	+1/16	107 13/16	105⅛
Conv 9pc 2000‡‡	8.76	8.29	102 25/32	+1/16	103 1/16	100 13/16
Five to Fifteen Years						
Treas 13pc 2000	10.93	8.45	118 29/32	+1/16	119⅜	117
8pc 2000‡‡	8.10	8.27	98 25/32	-1/16	99 1/16	96 1/16
10pc 2001	9.32	8.39	107¼	+1/16	107 13/16	104 13/16
14pc 1998-1	12.13	8.24	115 5/16xd	—	115 13/16	114 3/16
7pc 2001‡‡	7.51	8.35	93¼xd	+1/16	93⅝	90 13/16
9¾pc 2002	9.13	8.47	106 25/32	+⅛	107⅛	103 13/16
8pc 2003‡‡	8.21	8.43	97 13/32	+⅛	98 13/16	94⅝
10pc 2003	9.19	8.48	108 27/32	+⅛	109⅜	105⅞
Treas 11½pc 2001-4	10.15	8.58	113 5/16	+1/16	113 29/32	110 13/16
Funding 3½pc 1999-4	4.59	7.09	76 5/16	+1/16	76½	73
Conversion 9½pc 2004	8.92	8.46	106 13/32xd	+1/16	107 1/16	103 13/16

Notes	Yield Int	Yield Red	Price £	+ or -	1995 High	1995 Low
Treas 6¾pc 2004‡‡	*7.56*	*8.39*	*89¼xd*	+1/16	*90 5/16*	*86 1/16*
Conv 9½pc 2005	8.89	8.48	106 27/32	+1/16	107 13/16	103⅝
8½pc 2005‡‡	8.44	8.37	100¾	+1/16	101¼	97⅝
Treas 12½pc 2003-5	10.17	8.68	122⅞xd	+1/16	123⅞	119 13/16
7¾pc 2006‡‡	8.13	8.38	95 5/16	+1/16	96⅛	92⅛
8pc 2002-6‡‡	8.24	8.41	97 1/16	+1/16	97 13/16	93¾
Treas 11¾pc 2003-7	*10.05*	*8.69*	*116 29/32*	+1/16	*117 7/16*	*113 13/16*
Treas 8½pc 2007‡‡	8.43	8.37	100⅞	+1/16	101⅜	97 13/16
13½pc 2004-8	10.41	8.66	129¾	+1/16	130¼	126 5/16
Treas 9pc 2008‡‡	8.57	8.37	104 29/32	+1/16	105 13/16	101⅝
Treas 8pc 2009	8.27	8.36	96¾	+1/16	97 13/16	94
Over Fifteen Years						
Treas 6 1/4pc 2010	7.61	8.30	82⅛xd	+¼	82 5/16	79 1/16
Conv 9pc Ln 2011‡‡	8.54	8.37	105 13/32	+1/16	105 13/16	101 13/16
Treas 9pc 2012‡‡	8.51	8.36	105 27/32	+1/16	106 5/16	102 3/16
Treas 5½pc 2008-12‡‡	7.29	8.15	75 13/32	-1/16	75 13/16	72¼
Treas 8pc 2013‡‡	8.26	8.32	96⅞	+1/16	97 13/16	93 13/16
7¾pc 2012-15‡‡	8.23	8.33	94⅛	-1/16	94⅞	91 13/16
8pc 2015	8.25	8.30	97	+1/16	97 5/16	93 13/16
Treas 8¾pc 2017‡‡	8.39	8.30	104 5/16	+1/16	105 1/16	100 13/16
Exch 12pc 2013-17	9.06	8.52	132⅞	+1/16	132 13/16	127 5/16
Undated						
Consols 4pc	8.51	-	47	+1/16	47 5/16	45⅛
War Loan 3½pc‡‡	8.31	-	42⅛	+1/16	42 13/16	40 13/16
Conv 3½pc '61 Aft.	5.96	-	58¾	—	58¾	57 13/16
Treas 3pc '66 Aft.	8.42	-	35⅝	-⅛	35 13/16	34¼
Consols 2½pc	8.37	-	29⅞	-⅛	30⅛	28 13/16
Treas. 2½pc	8.44	-	29⅝	-1/16	30⅛	28⅝

Index-Linked		Yield (1)	Yield (2)	Price £	+ or -	1995 High	1995 Low
2pc '96	(67.9)	1.23	3.16	207 13/16	-1/16	208 5/16	201 1/16
4⅝pc '98‡‡	(135.6)	2.51	3.50	109xd	+⅛	109¼	106 5/16
2½pc '01	(78.3)	3.31	3.78	169 13/16	+⅛	169 13/16	165 13/16
2½pc '03	(78.8)	3.41	3.79	165 13/16xd	+¼	166 5/16	161 13/16
4⅜pc '04‡‡	(135.6)	3.44	3.79	110 13/16xd	+½	110 13/16	108 5/16
2pc '06	(69.5)	3.50	3.78	172 13/16	+½	173 5/16	169 1/16
2½pc '09	*(78.8)*	*3.55*	*3.79*	*156 5/16xd*	+⅛	*156 13/16*	*152 5/16*
2½pc '11	(74.6)	3.59	3.80	161⅞	+¼	162 5/16	157⅞
2½pc '13	(89.2)	3.61	3.80	133 13/16	+⅛	133 13/16	129 5/16
2½pc '16	(81.6)	3.63	3.81	142 5/16	+¼	142 13/16	137⅝
2½pc '20	(83.0)	3.66	3.81	138 13/16	+½	138 13/16	131 13/16
2½pc '24‡‡	(97.7)	3.65	3.79	113⅞	+1/16	113 13/16	109¼
4⅛pc '30‡‡	(135.1)	3.67	3.82	112 13/16	+¼	112 13/16	108 5/16

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for August 1994: 144.7 and for March 1995: 147.5.

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or -	1995 High	1995 Low
Asian Dev 10¼pc 2009	9.16	8.75	111 13/16	—	112 5/16	108 13/16
B'ham 11½pc 2012	9.64	9.27	119¼	—	119¼	118½
Ireland Cap 8½pc '10	8.42	-	101	—	101	96⅛
9pc Cap 1996	8.73	-	103⅛	-⅛	103½	100
13pc '97-2	11.65	-	109⅜	-⅛	110½	107
Hydro Quebec 15pc 2011	10.50	9.88	142 13/16	—	154 13/16	138 13/16
Leeds 13½pc 2006	10.42	-	129½	—	129⅛	126½
Liverpool 3½pc Irred	8.33	-	37½	—	38½	36
LCC 3pc '20 Aft.	9.09	-	33	—	33	31½
Manchester 11½pc 2007	9.96	8.40	115¼	—	116⅛	113½
Met. Wtr. 3pc 'B'	4.26	8.11	70½	—	71	69⅛
N'wide Anglia 3⅞pc 2021	-	4.51	135	—	135	130½
4⅛pc IL 2024	-	4.67	129⅛	—	129⅛	123⅝
Utd Mex States 16½pc 2008	14.47	-	114	—	139	113½

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on April 20

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	93⅜	93⅝	+¼	7.63
African Dev Bk 7⅜ 23	500	91⅝	92	+½	8.14
Alberta Province 7⅞ 98	1000	101⅞	102⅛	+⅛	6.99
Austria 8½ 00	400	105½	105⅞	+⅛	7.09
Baden-Wuertt L-Fin 8⅛ 00	1000	103¾	104	+⅛	7.15
Bank Ned Gemeenten 7 99	1000	100¼	100½	+⅛	6.92
Bayer Vereinsbk 8⅛ 00	*500*	*103⅞*	*104*	+¼	*7.13*
Belgium 5½ 03	1000	87¼	87⅝	+⅛	7.57
BFCE 7¼ 97	150	101⅝	102	+⅛	6.78
British Columbia 7¾ 02	500	101¾	102⅛	+⅛	7.42
British Gas 0 21	1500	12¼	12¾		8.23
Canada 6½ 97	2000	99¼	99½	+⅛	6.80
Cheung Kong Fin 5½ 98	500	91	91⅝	+⅛	8.61
China 6½ 04	1000	89½	89⅞	+¼	8.36
Council Europe 8 98	100	101⅜	101¾		6.81
Credit Foncier 9½ 99	300	107¾	108	+¼	7.11
Denmark 5¾ 98	1000	97⅜	97⅝	+⅛	6.78
East Japan Railway 6⅝ 04	600	93⅝	94	+¼	7.63
ECSC 8¼ 96	193	102	102½	+⅛	6.86
EEC 8¼ 96	100	101½	101¾		6.83
EIB 7¾ 96	250	101⅛	101½		6.72
EIB 9¼ 97	1000	105½	105¾	+⅛	6.81
Elec de France 9 98	200	105¼	105½		6.98
Ex-Im Bank Japan 8 02	500	103⅜	103⅝	+¼	7.37
Export Dev Corp 9½ 98	150	106⅞	107⅛	+⅛	7.08
Federal Natl Mort 7.40 04	1500	100⅝	100⅞	+⅛	7.44
Finland 6¾ 97	3000	99⅝	100		6.97
Ford Motor Credit 6¼ 98	1500	98	98¼	+⅛	7.18
Gen Elec Capital 9⅜ 96	300	102⅝	103		6.66
Ind Bk Japan Fin 7⅞ 97	200	101¼	101⅝	+¼	7.18
Inter Amer Dev 7⅝ 98	200	101	101⅜		6.80
Intl Finance 5¼ 99	500	94⅜	94⅞	+⅛	6.93
Italy 6⅞ 23	3500	81⅜	81¾	+¼	8.83
Japan Dev Bk 8⅜ 01	500	105⅛	105½		7.25
Korea Elec Power 6⅜ 03	1350	90¼	90¾	+⅛	8.12
LTCB Fin 8 97	200	101¼	101⅝	+⅛	7.18
Matsushita Elec 7¼ 02	1000	99	99⅜	+⅛	7.57
Norway 7¼ 97	1000	101	101¼	+⅛	6.69
Ontario 7⅜ 03	3000	98¾	99		7.73
Oster Kontrollbank 8½ 01	200	106¼	106½	+⅛	7.15
Petro-Canada 7¼ 96	200	100¼	100¾		6.98
Portugal 5¾ 03	1000	89¼	89⅝	+⅛	7.63
Quebec Hydro 9¾ 98	150	106¾	107⅛		7.43
Quebec Prov 9 98	200	104¼	104⅝	+⅛	7.35
Sainsbury 9⅛ 98	180	102¾	103⅛		7.01
SAS 10 99	200	106⅝	107⅛		7.92
SNCF 9½ 98	150	107⅛	107½	+⅛	6.95
Spain 6½ 99	1500	97½	97¾	+⅛	7.18
State Bk NSW 8½ 96	200	101⅝	102	-⅛	7.00
Sweden 6½ 03	2000	94⅛	94⅜	+⅛	7.54
Tokyo Elec Power 6⅝ 03	1000	91⅜	91¾	+⅛	7.58
Tokyo Metropolis 8¼ 96	200	101⅞	102¼		6.88
Toyota Motor 5⅝ 98	1500	97	97¼		6.70
United Kingdom 7¼ 02	3000	100	100⅛	+⅛	7.24
World Bank 6⅜ 99	1500	105½	105¾	+⅛	7.04
World Bank 8¾ 97	1500	103¾	104		6.66
DEUTSCHE MARK STRAIGHTS					
Austria 6½ 24	2000	84⅛	84½	-⅛	7.91
Credit Foncier 7¼ 03	2000	99⅝	100		7.31
Denmark 6⅛ 98	2000	100⅞	100⅞		5.98
Depfa Finance 6⅝ 03	1500	94	94½		7.34
Deutsche Bk Fin 7½ 03	2000	100¾	101¼	-⅛	7.36
EEC 6½ 00	2000	100½	100⅝	+⅛	6.37
EIB 6¼ 00	1500	99½	100¼	-⅛	6.37
Finland 7½ 00	3000	103¼	103½		6.67
Italy 7¼ 98	*5000*	*102⅜*	*102½*		*6.29*
LKB Baden-Wuertt 6½ 08	2250	91⅝	91⅞	+¼	7.51
Norway 6½ 98	1500	100⅞	100⅝	-⅛	5.99
Ontario 6¼ 04	1500	91⅞	92		7.55
Spain 7¼ 03	4000	99⅝	99½		7.35
Sweden 8 97	2500	104½	104⅞		6.01

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7¼ 97	5500	103⅛	103¼		5.74
Volkswagen Intl Fin 7 03	1000	97¼	97¾	+⅛	7.46
World Bank 0 15	2000	22¼	22½		7.54
World Bank 5⅞ 03	3000	91½	91⅝	+⅛	7.23
World Bank 8¼ 00	1250	110¼	110¾	-⅛	6.30
SWISS FRANC STRAIGHTS					
Asian Dev Bank 6 10	100	104½	105½		5.58
Austria 4½ 00	1000	100⅜	100¾	-⅛	4.41
Council Europe 4¾ 98	250	101½	102	-¼	4.17
Denmark 4¼ 99	1000	100⅜	100¼	+⅛	4.21
EIB 6¼ 04	300	109			5.50
Elec de France 7¼ 06	100	111½	112¼		5.78
Finland 7¼ 99	300	109⅝	110¼		4.79
Hyundai Motor Fin 8½ 97	100	107	108		5.28
Iceland 7⅜ 00	100	109½	110	-½	5.49
Kobe 6⅝ 01	240	106¾	107½	-¼	5.09
Ontario 6¼ 03	400	105	105¾	-⅛	5.44
Quebec Hydro 5 08	100	91½	91¾		5.96
SNCF 7 04	450	112	112½		5.35
World Bank 5 03	150	101		+½	4.85
World Bank 7 01	600	110	110¼	-¼	4.99
YEN STRAIGHTS					
Belgium 5 99	75000	109⅝	109⅞	-⅛	2.77
EIB 6⅝ 00	100000	117¾	118	-⅛	2.71
Ex-Im Bank Japan 4⅜ 03	105000	107½	107¾	-⅛	3.34
Inter Amer Dev 7¼ 00	30000	120⅝	120⅞	-¼	2.87
Italy 3½ 01	300000	99⅛	99⅜	-⅛	3.67
Japan Dev Bk 5 99	100000	110¼	110⅝		2.59
Japan Dev Bk 6½ 01	120000	119½	119⅞	-⅛	3.10
Nippon Tel Tel 5⅞ 96	50000	105¾	106	-⅛	1.78
Norway 5⅝ 97	150000	108½	108⅝		1.71
SNCF 6¼ 00	30000	118⅛	118⅜	-⅛	2.72
Spain 5¼ 02	125000	114⅞	114⅝	-¼	3.39
Sweden 4⅝ 98	150000	108¼	108½	-⅛	2.28
World Bank 5¼ 02	250000	112⅞	112⅞	-⅛	3.18
OTHER STRAIGHTS					
Genfinance Lux 9⅛ 99 LFr	1000	105	106		7.62
IKB Deut Industbk 8½ 03 LFr	3000	101	102		8.31
World Bank 8 96 LFr	1000	101¼	101⅞		6.67
ABN Amro 6⅝ 00 Fl	1000	100⅛	100½		6.59
Bank Ned Gemeenten 7 03 Fl	1500	99½	99⅞	+1⅛	7.08
Bell Canada 10⅝ 99 C$	150	108½	107		8.70
British Columbia 10 96 C$	500	101¾	102		8.26
Canada Mort & Hous 8¼ 99 C$	1000	100⅜	100⅝		8.91
EIB 10⅛ 98 C$	130	104⅞	105⅜		8.20
Elec de France 9¾ 99 C$	275	104⅝	105	+⅛	8.42
Gen Elec Capital 10 96 C$	300	101⅞	102¼		8.28
KfW Int Fin 10.01 C$	400	106	106⅝	-⅛	8.64
Nippon Tel Tel 10¼ 99 C$	200	105¼	105⅝	+¼	8.49
Ontario 8 03 C$	1500	95⅝	95⅞		8.68
Ontario Hydro 10⅞ 99 C$	500	107½	107⅞		8.55
Oster Kontrollbank 10¼ 99 C$	150	105⅛	105⅜		8.46
Quebec Prov 10½ 98 C$	200	105¼	105⅝		8.75
Council Europe 9 01 Ecu	1100	103⅝	104		8.25
Credit Foncier 8⅝ 04 Ecu	1000	99⅛	99⅜		8.81
Credit Lyonnais 9 96 Ecu	125	101⅝	102	-⅛	7.70
EIB 10 97 Ecu	1125	104⅜	104⅝	-⅛	7.31
Ferro del Stat 10⅛ 98 Ecu	500	104⅞	105⅛		8.02
Italy 10⅝ 00 Ecu	1000	108⅝	109		8.58
Spain 9 96 Ecu	1000	101⅞	102⅛		7.12
United Kingdom 9⅛ 01 Ecu	2750	104⅝	104⅞		8.09
AIDC 10 99 A$	100	101⅝	102		9.49
Comm Bk Australia 13¾ 99 A$	100	113⅝	114¼		9.78
EIB 7⅝ 99 A$	350	93⅞	93⅞	+⅛	8.97
NSW Treasury Zero 0 20 A$	1000	10⅞	11¼	+1¼	9.06
R & I Bank 7⅞ 03 A$	125	86½	87	+⅛	10.27
State Bk NSW 9 02 A$	300	94⅝	95	+⅛	10.04
Sth Aust Govt Fin 9 02 A$	150	94	94⅜	+⅛	10.17
Unilever Australia 12 98 A$	150	106	106⅜	-¼	8.57
Western Aust Treas 7⅞ 05 A$	100	85¼	85¾	-⅛	8.47

	Issued	Bid	Offer	Chg.	Yield
Abbey Natl Treasury 8 03 £	1000	93⅞	94	+⅛	9.11
Alliance Leics 11⅜ 97 £	100	105¼	105⅝	-⅛	8.47
British Land 8⅞ 23 £	150	89⅝	90⅛	+1	10.23
Denmark 6¾ 98 £	800	95¼	95⅜	+⅛	8.46
EIB 8 03 £	1000	96¼	96⅝	+⅛	8.64
Halifax 10⅝ 97 £	100	103⅝	104		8.18
Hanson 10⅜ 97 £	500	103⅝	103⅞		8.65
HSBC Holdings 11.69 02 £	153	110⅜	110⅞		9.62
Italy 10½ 14 £	400	104½	104⅞	+⅛	9.96
Japan Dev Bk 7 00 £	200	93	93¼	-	8.64
Land Secs 9½ 07 £	200	100½	100⅞	+⅛	9.43
Ontario 11⅛ 01 £	100	109⅛	109⅜		9.02
Powergen 8⅞ 03 £	250	98⅝	98⅞	+⅛	9.12
Severn Trent 11½ 99 £	150	108⅞	109⅛	—	8.87
Tokyo Elec Power 11 01 £	150	109⅜	109¾	-⅛	8.94
Abbey National 0 96 NZ$	100	88¼	89	+⅛	8.97
TCNZ Fin 9¼ 02 NZ$	75	103⅞	104⅞	-⅛	8.50
Credit Local 6 01 FFr	7000	90½	90⅞	-⅛	7.90
Elec de France 8¾ 22 FFr	3000	100⅝	101⅛	-⅛	8.66
SNCF 9¼ 97 FFr	4000	103¼	103⅝		7.42

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Abbey Natl Treasury -1/16 99	1000	99.65	99.74	6.2500
Bankamerica ⅛ 99	750	99.55	99.65	6.4375
Belgium 1/16 97 DM	500	100.10	100.20	5.3750
BFCE -0.02 98	350	99.88	99.99	6.2300
Canada -⅛ 99	2000	99.21	99.27	6.0000
CCCE 0 06 Ecu	280	99.17	99.38	6.0781
Credit Lyonnais 1/16 00	300	97.05	97.57	6.6875
Denmark -⅛ 96	1000	99.73	99.82	6.1875
Dresdner Finance 1/16 98 DM	1000	100.00	100.10	5.0938
Ferro del Stat 0.10 97	420	99.88	100.04	6.2250
Finland 0 97	1000	100.11	100.18	6.7500
Intl Bank Intl ¼ 99	500	99.85	99.95	6.4375
Italy ⅛ 98	2000	99.84	99.98	6.5000
LKB Baden-Wuert Fin -⅛ 98	1000	99.49	99.59	6.5750
Lloyds Bank Perp S 0.10	600	82.50	83.50	6.5375
Malaysia 1/16 05	650	99.30	99.59	6.5000
New Zealand -⅛ 99	1000	99.82	99.90	6.1675
Nova Scotia 3/16 99	500	99.61	99.71	6.4375
Ontario 0 99	2000	99.37	99.46	6.2500
Renfe 0 98	500	99.42	99.53	6.0000
Societe Generale 0 98	300	99.66	99.80	6.3125
Staatsbank Berlin -0.05 98 DM	8000	99.95	100.00	4.8467
State Bk Victoria 0.05 99	125	99.93	100.09	6.9875
Sweden 0 98	1500	99.86	99.93	6.2600
Sweden -⅛ 01	2000	99.02	99.09	6.1250
United Kingdom -⅛ 96	4000	99.91	99.94	6.0000

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	400	52½	94⅝	95½	+49.41
Chubb Capital 6 98	250	86	103⅛	104¼	+14.44
Gold Kalgoorlie 7½ 00	65	1.0554	104	105½	+12.01
Hanson 9½ 06 £	500	2.5875	102⅛	102⅞	+11.50
Hanson America 2.39 01	420	30.8758	76½	76½	+28.86
Hong Kong Land 4 01	410	31.05	78⅛	79⅜	-21.49
Land Secs 6¾ 02 £	84	6.72	93½	95⅛	+10.43
Lasmo 7¾ 05 £	90	5.64	85⅛	86⅝	
Mitsui Bank 2⅝ 03	200	2332.6	82	84	+8.26
Mount Isa Fin 6½ 97	100	2.263	97	98¼	+45.20
Natl Power 6¼ 08 £	250	4.39	103⅛	104⅜	+0.26
Ogden 6 02	85	39.077	88¼	87⅞	+68.44
Pennzoil 4¾ 03	500	56.6097	94	95	+21.50
Sumitomo Bank 3⅛ 04	300	3606.9	85¾	86¾	+10.26
Sun Alliance 7¼ 08 £	155	3.9	94⅜	95¼	+11.98
Tesco Capital 9 05 £	200	2.51	118⅛	120⅛	+11.27
Texas Instruments 2¾ 02	300	82⅞	112	113⅛	+0.80

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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CURRENCIES AND MONEY

MARKETS REPORT

Dollar rallies ahead of G7 meeting

The US dollar rallied yesterday as traders fought shy of selling greenbacks ahead of the G7 meeting of finance ministers and central bank governors on Tuesday, *writes Philip Coggan.*

Against the D-Mark, the dollar edged up 1½ pfennigs to DM1.3704, from Wednesday's close of DM1.3542; against the yen, the US currency picked up to Y82.665, from Y81.08.

European currencies generally strengthened against the weaker D-Mark, with the exception of the Swedish krona which suffered after a report that the government had indicated there would be no net new savings in next week's mini-budget.

The Bundesbank, as expected, left the discount and Lombard rates unchanged, although it did not rule out a cut in the repo rate.

■ The dollar continued the rally which began after it plunged to a new post-War low of Y79.75 in Tokyo trading on Wednesday morning.

Analysts said that traders, who had sold the dollar short, were covering positions ahead of the G7 meeting. There were also rumours that a large US fund was buying the currency.

However, commentators had little expectation that the G7 meeting would lead to any action. "On the whole, G7 meetings tend to be more effective before they take place than when they have occurred" said Mr Jeremy Hawkins, chief economist of the Bank of America in London.

Statements from politicians and bankers yesterday brought little hope of a round of dollar support. Mr Helmut Kohl, the German chancellor, was reported as saying that it was up to the US not to let the dollar sink and to get its budget deficit under control. Mr Hans Tietmeyer, the president of the Bundesbank, said that countries with weak currency had to solve their own fundamental problems.

Analysts warned that the US dollar could start to decline again, once the G7 meeting is out of the way. "Fundamentally, nothing's changed" said Mr Neil Mackinnon, chief economist at Citibank in London. "The US is still the world's biggest net debtor."

Germany and Japan seem to feel that, by cutting interest rates, they have played their part in stopping the dollar's decline. They seem to expect the US to raise rates, as well as tackling the budget deficit.

But analysts said the markets were doubtful over whether the US Federal Reserve would act to raise rates. "There is a large and growing perception that the US economy is enjoying a soft landing" says Mr Avinash Persaud, currency strategist at J P Morgan in London "and this will act as a constraint on the Fed." Yesterday's Philadelphia Fed index offered further evidence of a slowing economy.

■ In the UK, a quarterly survey from the British Chambers of Commerce found evidence that the UK economy was slowing significantly.

But, as usual, the pound was caught in the crossfire between the dollar and the D-Mark rather than influenced by fundamentals, even the disappointing public sector borrowing requirement figures.

The pound climbed two pfennigs against the D-Mark from Wednesday's close to reach DM2.2096, from DM2.1896; against the dollar, the pound weakened slightly to $1.6125, from Wednesday's $1.6169.

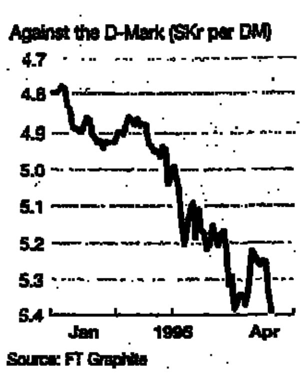
The Bank of England supplied assistance to the money markets of £690m, compared with a forecast shortage of £850m. Overnight rates moved within the range of 4½ per cent to 7½ per cent.

■ A Reuters report quoting a Swedish government source, to the effect that next week's mini-Budget would contain no new net savings, caused the krona to reverse an initial advance against the D-Mark. As with other indebted nations, the market remains very nervous of any sign that the government is not prepared to take action to cut its deficit. The krona fell to Skr5.394/DM, from Skr5.384/DM on Wednesday.

■ The French franc gained modestly against the D-Mark amid continued debate about the policies of likely President Jacques Chirac. The Bank of France, which was criticised by Mr Chirac last week for meddling in economic policy, issued a statement saying that "in the long term, and at all times" it would "ensure the maintenance of the purchasing power of the franc." The franc closed at Ffr3.543/DM, from Ffr3.548/DM on Wednesday.

Swedish krona

Against the D-Mark (SKr per DM)



Source: FT Graphite

■ Pound in New York

Apr 20	—Latest—	– Prev. close –
£ spot	1.6115	1.6085
1 mth	1.6114	1.6084
3 mth	1.6098	1.6071
1 yr	1.5968	1.5940

■ OTHER CURRENCIES

Apr 20	£	$
Hungary	189.894 - 190.161	117.809 - 117.900
Iran	2814.51 - 2821.00	1745.00 - 1750.00
Kuwait	0.4683 - 0.4689	0.2905 - 0.2907
Poland	3.7801 - 3.7903	2.3450 - 2.3500
Russia	8161.28 - 8161.56	5060.00 - 5063.00
U.A.E.	5.9204 - 5.9250	3.6727 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Apr 20		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.5488	+0.1412	379 - 556	15.6168	15.3720	15.5237	1.8	15.4764	1.8	-	-	108.6
Belgium	(BFr)	45.4340	+0.3416	133 - 547	45.6790	45.2560	45.394	1.1	45.294	1.2	44.759	1.5	111.3
Denmark	(DKr)	8.7073	+0.0527	008 - 137	8.7432	8.6999	8.7148	-1.0	8.7183	-0.5	8.6967	0.2	111.0
Finland	(FM)	6.8888	+0.0821	808 - 927	6.9160	6.8400	-	-	-	-	-	-	87.4
France	(FFr)	7.8282	+0.0595	258 - 326	7.8484	7.7990	7.8429	-2.1	7.8619	-1.7	7.8319	0.0	109.9
Germany	(DM)	2.2096	+0.02	084 - 108	2.2207	2.1976	2.2065	1.7	2.1991	1.9	2.1576	2.4	114.5
Greece	(Dr)	360.641	+3.503	459 - 822	362.308	358.879	-	-	-	-	-	-	69.4
Ireland	(I£)	0.9834	+0.0099	827 - 841	0.9890	0.9725	0.983	0.5	0.9828	0.2	0.9831	0.0	97.0
Italy	(L)	2791.15	+23.1	876 - 354	2798.22	2770.48	2801.55	-4.5	2821.6	-4.4	2902.5	-4.0	63.0
Luxembourg	(LFr)	45.4340	+0.3416	133 - 547	45.6790	45.2560	45.394	1.1	45.294	1.2	44.759	1.5	111.3
Netherlands	(Fl)	2.4710	+0.0191	699 - 721	2.4840	2.4610	2.4676	1.6	2.4593	1.9	2.4148	2.3	111.1
Norway	(NKr)	9.9593	+0.0779	525 - 661	10.0001	9.8883	9.9508	1.0	9.927	1.3	9.7997	1.6	98.7
Portugal	(Es)	233.950	+1.997	805 - 096	235.039	232.848	233.085	4.4	236.255	-3.9	-	-	97.0
Spain	(Pta)	199.089	+0.281	953 - 225	200.058	198.615	199.589	-3.0	206.109	-14.1	205.069	-3.0	79.4
Sweden	(SKr)	11.9184	+0.1242	070 - 298	11.9943	11.7722	11.9208	-0.2	11.9252	-0.2	11.9444	-0.2	75.8
Switzerland	(SFr)	1.8254	+0.0199	241 - 268	1.8326	1.8159	1.8213	2.7	1.8118	3.0	1.7615	3.5	115.2
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	84.5
Ecu	-	1.2095	+0.008	089 - 101	1.2140	1.2051	1.2093	0.2	1.2096	0.0	1.2026	0.6	-
SDR†	-	1.01303	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6124	-0.0044	118 - 129	1.6178	1.6065	-	-	-	-	-	-	-
Brazil	(R$)	1.4795	+0.0057	766 - 823	1.4824	1.4699	-	-	-	-	-	-	-
Canada	(C$)	2.2100	-0.0063	089 - 110	2.2183	2.1986	2.2134	-1.9	2.2178	-1.4	2.2166	-0.4	82.3
Mexico	(New Peso)	9.8602	-0.0431	332 - 871	9.8898	9.8077	-	-	-	-	-	-	-
USA	($)	1.6125	-0.0044	120 - 129	1.6180	1.6065	1.6123	0.1	1.611	0.4	1.5975	0.9	87.5
Pacific/Middle East/Africa													
Australia	(A$)	2.1976	+0.003	962 - 989	2.1989	2.1957	2.2003	-1.4	2.2047	-1.3	2.2218	-1.1	78.5
Hong Kong	(HK$)	12.4659	-0.034	620 - 698	12.5060	12.4206	12.4619	0.4	12.4525	0.4	12.3856	0.6	-
India	(Rs)	50.6874	-0.0736	652 - 096	50.8540	50.4520	-	-	-	-	-	-	-
Israel	(Shk)	4.7693	+0.0067	639 - 747	4.7841	4.7437	-	-	-	-	-	-	-
Japan	(Y)	133.293	+2.199	200 - 387	134.910	130.150	132.768	4.7	131.628	5.0	125.833	5.6	172.9
Malaysia	(M$)	3.9860	-0.0007	841 - 879	4.0010	3.9659	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4013	-0.0071	988 - 037	2.4037	2.3884	2.4066	-2.7	2.4157	-2.4	2.4299	-1.2	97.6
Philipines	(Peso)	41.9399	-0.1144	475 - 322	42.0354	41.8375	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0477	-0.0163	458 - 497	6.0677	6.0253	-	-	-	-	-	-	-
Singapore	(S$)	2.2526	-0.0002	512 - 539	2.2595	2.2417	-	-	-	-	-	-	-
South Africa	(R)	5.8085	+0.0036	058 - 113	5.8272	5.7722	-	-	-	-	-	-	-
South Korea	(Won)	1232.95	-6.92	254 - 338	1237.12	1229.13	-	-	-	-	-	-	-
Taiwan	(T$)	40.8934	-0.0113	723 - 144	41.0244	40.8730	-	-	-	-	-	-	-
Thailand	(Bt)	39.5534	-0.0029	262 - 806	39.6730	39.3510	-	-	-	-	-	-	-

† Rates for Apr 19. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 20		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	9.6417	+0.1135	389 - 445	9.6800	9.5650	9.6297	1.5	9.6097	1.3	9.5152	1.3	108.4
Belgium	(BFr)	28.1770	+0.288	720 - 820	28.2950	28.1200	28.152	1.1	28.114	0.9	27.992	0.7	110.9
Denmark	(DKr)	5.4000	+0.0472	975 - 025	5.4282	5.3886	5.4042	-0.9	5.412	-0.9	5.4267	-0.5	109.5
Finland	(FM)	4.2710	+0.0624	685 - 735	4.2820	4.2486	4.2713	-0.1	4.2717	-0.1	4.2745	-0.1	86.4
France	(FFr)	4.8555	+0.05	547 - 562	4.8630	4.8390	4.8642	-2.1	4.8792	-2.0	4.8948	-0.8	109.2
Germany	(DM)	1.3704	+0.0162	700 - 707	1.3762	1.3655	1.3687	1.5	1.365	1.6	1.3494	1.5	113.8
Greece	(Dr)	223.660	+2.775	610 - 710	224.570	222.930	225.59	-10.4	229.445	-10.3	245.415	-9.7	68.4
Ireland	(I£)	1.6397	-0.0213	389 - 404	1.6510	1.6303	1.6404	-0.5	1.6421	-0.6	1.6542	-0.9	-
Italy	(L)	1731.00	+19	000 - 200	1734.00	1718.25	1737.5	-4.5	1750.9	-4.6	1813.25	-4.8	62.7
Luxembourg	(LFr)	28.1770	+0.288	720 - 820	28.2950	28.1200	28.152	1.1	28.114	0.9	27.992	0.7	110.9
Netherlands	(Fl)	1.5326	+0.016	322 - 327	1.5399	1.5295	1.5304	1.6	1.5266	1.5	1.5105	1.4	110.6
Norway	(NKr)	6.1765	+0.065	740 - 790	6.1956	6.1355	6.1712	1.0	6.1612	1.0	6.1305	0.7	98.6
Portugal	(Es)	145.090	+1.63	040 - 140	145.670	144.660	145.59	-4.1	146.735	-4.5	152.03	-4.8	97.3
Spain	(Pta)	123.470	+0.51	420 - 520	124.330	123.050	123.785	-3.1	124.49	-3.3	128.24	-3.9	78.4
Sweden	(SKr)	7.3915	+0.097	865 - 965	7.4265	7.3090	7.4068	-2.5	7.4395	-2.6	7.6125	-3.0	75.4
Switzerland	(SFr)	1.1321	+0.0154	316 - 325	1.1361	1.1275	1.1296	2.7	1.1248	2.7	1.1013	2.7	114.9
UK	(£)	1.6125	-0.0044	120 - 129	1.6180	1.6065	1.6123	0.1	1.611	0.4	1.5975	0.9	83.3
Ecu	-	1.3332	-0.0125	329 - 334	1.3355	1.3268	1.3329	0.3	1.3324	0.2	1.3305	0.2	-
SDR†	-	0.62777	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0000	-	999 - 000	1.0000	0.9999	-	-	-	-	-	-	-
Brazil	(R$)	0.9175	+0.006	160 - 190	0.9190	0.9150	-	-	-	-	-	-	-
Canada	(C$)	1.3706	-0.0002	703 - 708	1.3719	1.3670	1.3731	-2.1	1.3767	-1.8	1.388	-1.3	80.6
Mexico	(New Peso)	6.1150	-0.01	000 - 300	6.1300	6.0800	6.1173	-0.4	6.1204	-0.4	6.1253	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	88.0
Pacific/Middle East/Africa													
Australia	(A$)	1.3628	+0.0056	624 - 633	1.3674	1.3590	1.3644	-1.4	1.3693	-1.6	1.3895	-2.0	79.1
Hong Kong	(HK$)	7.7311	+0.0001	308 - 313	7.7313	7.7305	7.7293	0.3	7.7288	0.1	7.7448	-0.2	-
India	(Rs)	31.4350	+0.04	300 - 400	31.4400	31.4050	31.515	-3.1	31.76	-4.1	-	-	-
Israel	(Shk)	2.9578	+0.0122	553 - 603	2.9630	2.9512	-	-	-	-	-	-	-
Japan	(Y)	82.6650	+1.585	300 - 000	83.5500	80.8500	82.34	4.7	81.395	4.7	78.675	4.8	176.5
Malaysia	(M$)	2.4720	+0.0063	715 - 725	2.4740	2.4630	2.47	1.0	2.4676	0.7	2.462	0.4	-
New Zealand	(NZ$)	1.4892	-0.0002	881 - 903	1.4936	1.4858	1.4926	-2.7	1.4994	-2.7	1.5187	-2.0	-
Philipines	(Peso)	26.0100	-	600 - 600	26.0600	25.9600	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7506	+0.0001	504 - 508	3.7508	3.7503	3.7515	-0.3	3.7536	-0.3	3.7656	-0.4	-
Singapore	(S$)	1.3970	+0.0037	965 - 974	1.3975	1.3940	1.3918	4.5	1.3835	3.9	1.357	2.9	-
South Africa	(R)	3.6023	+0.012	015 - 030	3.6051	3.5905	3.6203	-6.0	3.6578	-6.1	3.8516	-6.9	-
South Korea	(Won)	784.650	-2.2	600 - 700	787.300	784.600	787.65	-4.7	771.15	-3.4	789.65	-3.3	-
Taiwan	(T$)	25.3610	+0.062	550 - 670	25.3670	25.3350	25.381	-0.9	25.421	-0.9	-	-	-
Thailand	(Bt)	24.5300	+0.065	200 - 400	24.5400	24.4780	24.551	-1.0	24.5775	-0.8	24.665	-0.6	-

† SDR rate per $ for Apr 19. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 19. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

April 20	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4 11/16	5 1/4	5 1/4	5 5/16	6	7.40	4.00	-
week ago	4 ¾	5 ½	5 ¼	5 5/16	5 13/16	7.40	4.00	-
France	7 ¾	8	7 15/16	7 ¾	7 ¾	5.00	-	8.00
week ago	7 13/16	8	7 ¾	7	6 ¾	5.00	-	8.00
Germany	4 7/16	4 ½	4 ½	4 ⅝	4 ⅞	6.00	4.00	4.51
week ago	4 13/16	4 ½	4 13/16	4 ¾	4 ⅞	6.00	4.00	4.50
Ireland	6 ¼	6 ¾	6 ⅞	7	7 ½	-	-	6.25
week ago	5 ¾	6 ⅝	6 ⅝	6 13/16	7 ¼	-	-	6.25
Italy	10 ⅜	10 ½	10 ¾	11 ⅛	11 ⅝	-	7.50	10.47
week ago	10 ½	10 ½	10 ⅝	10 13/16	11 ¼	-	7.50	10.46
Netherlands	4 ½	4 7/16	4 ⅝	4 ¾	4 13/16	-	5.25	-
week ago	4.48	4 ¾	4.68	4.80	5.04	-	5.25	-
Switzerland	3 ⅞	3 5/16	3 ¼	3 ½	3 ⅝	6.625	3.00	-
week ago	3 ¼	3 3/16	3 ⅜	3 ½	3 ⅝	6.625	3.00	-
US	6	6 ⅛	6 ⅜	6 ⅜	6 ½	-	5.25	-
week ago	5 15/16	6 ¼	6 ¼	6 ⅜	6 ⅝	-	5.25	-
Japan	2 ⅛	1 ⅜	1 ⅜	1 ⅜	1 ⅜	-	1.00	-
week ago	2 ¼	1 ⅝	1 17/32	1 ½	1 ½	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6 ⅛	6 ¼	6 ⅜	6 ⅝	-	-	-
week ago	-	6 ⅛	6 ¼	6 7/16	6 11/16	-	-	-
US Dollar CDs	-	5.89	5.99	6.14	6.40	-	-	-
week ago	-	5.89	6.02	6.21	6.51	-	-	-
SDR Linked Ds	-	4 13/16	5	5 ¼	5 ⅛	-	-	-
week ago	-	4 15/16	5	5 ¼	5 ¼	-	-	-

ECU Linked Ds mid rates: 1 mth: 6 ½; 3 mths: 6 ⅝; 6 mths: 6 ½; 1 year: 6 ⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 20	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 15/16 - 4 13/16	5 - 4 ⅞	5 ⅛ - 5	5 7/16 - 5 5/16	5 11/16 - 5 9/16	6 - 5 ⅞
Danish Krone	7 ⅛ - 6 ⅝	7 - 6 ⅝	7 - 6 ¾	7 1/16 - 6 13/16	7 ⅛ - 6 ⅞	7 3/16 - 6 15/16
D-Mark	4 ½ - 4 ⅜	4 9/16 - 4 7/16	4 9/16 - 4 7/16	4 9/16 - 4 7/16	4 11/16 - 4 9/16	4 15/16 - 4 13/16
Dutch Guilder	4 ½ - 4 ⅜	4 ½ - 4 ⅜	4 9/16 - 4 7/16	4 ⅝ - 4 ½	4 ¾ - 4 11/16	5 - 4 15/16
French Franc	7 11/16 - 7 9/16	8 - 7 ¾	8 ¼ - 8	8 ⅛ - 7 ⅞	7 ¾ - 7 ½	7 ⅜ - 7 ⅛
Portuguese Esc.	9 - 8 ¾	9 ½ - 9	10 ¼ - 10	10 ⅞ - 10 ⅝	11 3/16 - 10 ⅞	11 ⅝ - 11 ⅜
Spanish Peseta	8 ⅞ - 8 ⅝	8 ¾ - 8 ⅝	9 - 8 ⅞	9 9/16 - 9 7/16	9 ¾ - 9 ⅝	10 7/16 - 10 5/16
Sterling	5 ⅜ - 5 ⅛	5 ½ - 5 ¼	6 3/32 - 6 1/32	6 11/16 - 6 ⅝	7 1/16 - 6 15/16	7 ⅝ - 7 ½
Swiss Franc	3 ½ - 3 ⅜	3 ½ - 3 ⅜	3 7/16 - 3 5/16	3 ½ - 3 ⅜	3 9/16 - 3 7/16	3 13/16 - 3 11/16
Can. Dollar	8 3/16 - 8	8 3/16 - 7 15/16	8 - 7 ⅞	8 - 7 ⅞	7 15/16 - 7 13/16	7 ⅞ - 7 ¾
US Dollar	6 1/16 - 5 15/16	6 ⅛ - 6	6 ⅛ - 6	6 ¼ - 6 ⅛	6 ⅜ - 6 ¼	6 9/16 - 6 7/16
Italian Lira	10 ¼ - 9 ¾	10 ⅜ - 10 ¼	10 9/16 - 10 7/16	10 ⅞ - 10 ¾	11 ¼ - 11 ⅛	11 9/16 - 11 7/16
Yen	1 7/16 - 1 5/16	1 7/16 - 1 5/16	1 7/16 - 1 5/16	1 7/16 - 1 5/16	1 7/16 - 1 5/16	1 7/16 - 1 5/16
Asian $Sing	½ - ¼	1 - ¾	1 13/16 - 1 11/16	2 1/16 - 1 15/16	2 7/16 - 2 5/16	3 - 2 ⅞

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.43	92.48	+0.07	92.63	92.43	31,350	39,982
Sep	93.28	93.30	+0.05	93.41	93.26	8,133	34,725
Dec	93.35	93.34	+0.02	93.40	93.33	3,140	21,849
Mar	93.27	93.23	-0.01	93.28	93.21	1,278	14,330

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun		93.72	+0.03			0	585
Sep	93.59	93.62	+0.08	93.59	93.59	20	329
Dec		93.44	+0.09			0	255
Mar		93.47	+0.10			0	0

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.35	95.36	+0.01	95.37	95.32	14088	150516
Sep	95.18	95.17	-	95.19	95.12	19930	166178
Dec	94.90	94.87	-0.02	94.91	94.83	20589	121154
Mar	94.62	94.60	-	94.62	94.56	8541	69502

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	88.66	88.66	-	88.77	88.62	8038	36574
Sep	88.65	88.58	-0.01	88.71	88.57	3426	23524
Dec	88.68	88.54	-0.04	88.68	88.53	1217	13504
Mar	88.64	88.46	-0.12	88.65	88.46	1839	7720

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.56	96.51	-0.05	96.58	96.50	1915	23813
Sep	96.45	96.40	-0.05	96.45	96.38	1138	8820
Dec	96.31	96.24	-0.08	96.31	96.22	358	6287
Mar	96.07	96.06	-0.08	96.11	96.05	221	1867

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.53	93.51	+0.03	93.55	93.48	1826	8897
Sep	93.44	93.44	+0.03	93.45	93.43	245	4480
Dec	93.20	93.19	+0.02	93.21	93.19	88	2466
Mar	93.02	93.01	+0.01	93.02	93.02	35	1498

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 20		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.17	17.23	4.865	2.164	6144	5.439	21.92	515.1	438.3	26.24	4.017	2.201	4.865	3.551	293.4	2.663
Denmark	(DKr)	52.18	10	8.992	2.538	1.129	3205	2.838	11.44	268.7	228.7	13.69	2.095	1.149	2.538	1.853	153.1	1.390
France	(FFr)	58.03	11.12	10	2.823	1.256	3565	3.156	12.72	298.9	254.3	15.23	2.331	1.277	2.823	2.060	170.3	1.546
Germany	(DM)	20.56	3.940	3.543	1	0.445	1263	1.118	4.506	105.9	90.09	5.394	0.826	0.452	1.000	0.730	60.32	0.548
Ireland	(I£)	46.22	8.858	7.964	2.248	1	2839	2.514	10.13	238.0	202.5	12.13	1.857	1.017	2.248	1.641	135.6	1.231
Italy	(L)	1.628	0.312	0.281	0.079	0.035	100.	0.089	0.357	8.384	7.134	0.427	0.065	0.036	0.079	0.058	4.776	0.043
Netherlands	(Fl)	18.39	3.524	3.168	0.894	0.398	1130	1	4.030	94.70	80.57	4.824	0.739	0.405	0.894	0.653	53.95	0.490
Norway	(NKr)	45.62	8.743	7.861	2.219	0.987	2802	2.481	10	235.0	199.9	11.97	1.833	1.004	2.219	1.620	133.8	1.215
Portugal	(Es)	19.41	3.721	3.346	0.944	0.420	1193	1.056	4.256	100.	85.09	5.094	0.780	0.427	0.944	0.689	56.97	0.517
Spain	(Pta)	22.82	4.373	3.932	1.110	0.494	1402	1.241	5.002	117.5	100.	5.987	0.917	0.502	1.110	0.810	66.95	0.608
Sweden	(SKr)	38.11	7.305	6.568	1.854	0.825	2341	2.073	8.355	196.3	167.0	10	1.531	0.839	1.854	1.353	111.8	1.015
Switzerland	(SFr)	24.89	4.771	4.290	1.211	0.539	1529	1.354	5.457	128.2	109.1	6.532	1	0.548	1.211	0.884	73.04	0.663
UK	(£)	45.43	8.707	7.829	2.210	0.983	2791	2.471	9.959	234.0	199.1	11.92	1.825	1	2.210	1.613	133.3	1.210
Canada	(C$)	20.56	3.940	3.543	1.000	0.445	1263	1.118	4.506	105.9	90.09	5.394	0.826	0.452	1	0.730	60.32	0.548
US	($)	28.16	5.398	4.854	1.370	0.609	1730	1.532	6.174	145.1	123.4	7.390	1.131	0.620	1.370	1	82.64	0.750
Japan	(Y)	34.08	6.532	5.873	1.658	0.737	2094	1.854	7.471	175.5	149.4	8.942	1.369	0.750	1.658	1.210	100.	0.908
Ecu		37.55	7.196	6.470	1.826	0.812	2307	2.042	8.231	193.4	164.5	9.851	1.508	0.826	1.826	1.333	110.2	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7312	0.7319	+0.0002	0.7340	0.7289	40,771	61,821
Sep	0.7280	0.7350	+0.0003	0.7350	0.7280	420	2,865
Dec	-	0.7375	-	-	0.7360	34	407

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8881	0.8876	+0.0006	0.8900	0.8837	19,749	27,891
Sep	0.8950	0.8944	-	0.8950	0.8908	414	2,249
Dec	0.8990	0.8990	-	0.8990	0.8980	338	524

■ JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.2398	1.2185	-0.0226	1.2461	1.2070	30,488	61,916
Sep	1.2500	1.2345	-0.0226	1.2500	1.2275	471	3,362
Dec	1.2460	1.2470	-0.0270	1.2470	1.2455	119	803

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.6100	1.6148	+0.0042	1.6160	1.6058	6,787	22,698
Sep	-	1.6140	-	1.6140	-	9	245
Dec	-	1.6080	-	1.6100	-	1	62

UK INTEREST RATES

LONDON MONEY RATES

Apr 20	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7 ½ - 4 ½	5 11/16 - 5 9/16	6 ⅛ - 5 15/16	6 11/16 - 6 9/16	7 ⅛ - 7	7 11/16 - 7 ½
Sterling CDs	-	-	6 1/32 - 5 31/32	6 21/32 - 6 19/32	7 1/32 - 6 31/32	7 7/16 - 7 5/16
Treasury Bills	-	-	6 - 5 15/16	6 ⅜ - 6 ¼	-	-
Bank Bills	-	-	6 1/16 - 5 15/16	6 ½ - 6 ⅜	6 13/16 - 6 11/16	-
Local authority deps.	5 13/16 - 5 11/16	5 13/16 - 5 13/16	6 ⅛ - 6	6 ⅝ - 6 ½	7 - 6 ⅞	7 ½ - 7 ⅜
Discount Market deps	7 - 4 ⅝	5 7/16 - 5 5/16	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5 ¾	5 ¾	6	6 ¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount 6.1697pc. ECGD fixed rate Stlg. Export Finance. Make up day Mar 31, 1995. Agreed rate for period Apr 26, 1995 to May 25, 1995, Schemes II & III 7.98pc. Reference rate for period Mar 1, 1995 to Mar 31, 1995, Schemes IV & V 6.713pc. Finance House Base Rate 7pc from Apr 1, 1995

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.87	92.86	-	92.89	92.83	16662	97971
Sep	92.42	92.41	+0.01	92.44	92.36	18525	74729
Dec	92.08	92.09	+0.02	92.11	92.03	8107	54681
Mar	91.82	91.82	+0.02	91.83	91.77	2475	34219

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9275	0.23	0.17	0.16	0.12	0.51	0.82
9300	0.09	0.10	0.09	0.23	0.69	1.00
9325	0.02	0.05	0.05	0.41	0.89	1.21

Est. vol. total, Calls 4143 Puts 6993. Previous day's open int., Calls 180990 Puts 182546

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.50	Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs.	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	●United Bk of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk.	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75	● Members of London Investment Banking Association	
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75	* In administration	
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	* Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

EMS EUROPEAN CURRENCY UNIT RATES

Apr 20	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.06837	+0.00208	-3.89	7.50	-
Belgium	39.3960	38.0204	+0.0747	-3.49	7.06	26
Germany	1.91007	1.84784	+0.00229	-3.26	6.80	-
Austria	13.4383	13.0015	+0.0157	-3.25	6.79	-
Portugal	195.792	195.447	+0.044	-0.18	3.50	1
Denmark	7.28580	7.27557	-0.00345	-0.14	3.46	1
France	6.40608	6.53172	+0.00294	1.96	1.33	-17
Spain	162.493	165.787	-1.136	2.03	1.26	-14
Ireland	0.792214	0.818488	-0.000227	3.32	0.00	-22
NON ERM MEMBERS						
Greece	292.867	301.645	+0.544	3.00	0.31	-
Italy	2106.15	2320.79	+7.74	10.19	-6.24	-
UK	0.786652	0.834054	-0.005783	6.03	-2.56	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS May	Jun	Jul	PUTS May	Jun	Jul
1.525	8.82	9.09	9.36	0.02	0.43	0.79
1.550	6.53	7.11	7.49	0.17	0.85	1.33
1.575	4.41	5.28	5.76	0.53	1.49	2.07
1.600	2.64	3.72	4.29	1.25	2.41	3.01
1.625	1.42	2.54	3.08	2.47	3.60	4.27
1.650	0.65	1.63	2.19	4.14	5.17	5.76

Previous day's vol., Calls 13,318 Puts 15,721. Prev. day's open int., Calls 236,750 Puts 255,309

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	93.70	93.71	-	93.72	93.70	63,197	493,368
Sep	93.58	93.59	+0.01	93.61	93.57	109,420	371,743
Dec	93.37	93.40	+0.02	93.42	93.37	125,960	288,836

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.30	94.30	+0.01	94.31	94.30	668	13,582
Sep	94.14	94.13	+0.01	94.14	94.13	638	11,032
Dec	-	93.97	-	93.97	-	263	10,490

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS May	Jun	Jul	Sep	PUTS May	Jun	Jul	Sep
9525	0.13	0.17	0.13	0.16	0.02	0.06	0.21	0.24
9550	0.02	0.05	0.05	0.07	0.16	0.19	0.38	0.40
9575	0	0.01	0.02	0.03	0.39	0.40	0.60	0.61

Est. vol. total, Calls 1940 Puts 4150. Previous day's open int., Calls 155794 Puts 242518

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	Sep	Dec	PUTS Jun	Sep	Dec
9650	0.11	0.14	0.18	0.10	0.24	0.44
9675	0.03	0.06	0.10	0.27	0.41	0.61
9700	0.01	0.02	0.05	0.50	0.62	0.81

Est. vol. total, Calls 100 Puts 100. Previous day's open int., Calls 936 Puts 935.

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
Barings 9pc Cm 2nd Prf.		60½#	—	98	50¼	6.31	19.8	–
9¼pc Non-Cum Prf		4¼#	—	118½	3	1.90	–	–
Cater Allen	♣†□	476	+2	476	418	155.2	7.4	9.6
Close Bros	♣†□	281xd	—	282	219	248.6	3.8	11.8
Gerrard & Nat	♣†□	423	+6	480	395	206.0	7.1	12.2
Hambros	□	205	+1	253	195	382.0	9.1	12.6
7½pc Cv Pf		98	—	112	94	126.2	9.6	–
Joseph (L)	♣†	363	-2	498	353	19.2	6.1	10.6
King & Shaxson	♣	89	—	103	85	18.8	12.6	8.8
Kleinwort Benson	♣♦□	630xd	+1	683	529	841.7	4.3	11.3
Rea Bros	♣□	53xd	—	67	53	22.0	2.4	ф
Schroders	♣♦□	1620xd	—	1633	1360	1,629	1.6	15.4
N/V	♥	1495xd	—	1445	1235	416.1	1.8	13.6
Singer & Fried	♣□	82xd	—	86½	61	169.3	5.3	ф
Union	♣□	81xd	—	93	70	21.5	4.6	ф
Warburg (SG)	♣□	737	+7	784	655	1,629	3.7	13.5
Wintrust	♣†	205	—	235	200	17.4	6.5	13.7

BANKS, RETAIL

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£23⅞	-⅛	£24⅝	£21⅛	7,261	5.4	ф
ANZ A$		233	+3	233	198	3,236	4.9	8.5
Abbey National	□	482xd	+8	480	413	6,066	4.8	10.0
Allied Irish I£	♣□	289xd	+1	295	250	1,926	4.8	8.4
Anglo Irish I£	□	53	—	56	48	182.4	8.3	10.7
Asahi Y	□	760¾	-20¼	774¾	832¼	17,419	0.7	–
Banco Bil Viz Pta	□	£16¾	+¼	£17½	£14¼	3,788	4.9	7.5
Banco Sant Pta		£22½	—	£24⅝	£22⅛	3,400	6.8	ф
Bk Ireland I£	†□	332	-1	335	288	1,578	4.3	9.6
Bank Scotland	♣†□	216	-½	230	191½	2,517	3.1	12.1
9¼pc Pf		117¼	+¼	120	115¾	177.2	9.9	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BREWERIES

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING & CONSTRUCTION

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING MATS. & MERCHANTS

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING MATS. & MERCHANTS - Cont.

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
Tilon		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Travis Perkins		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tudor		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unigroup		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Universal Ceramic		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Waterhouse		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wickes		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wolseley		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
AGA Skr		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Akzo Fl		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Allied Colloids		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amber Ind		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BASF DM		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BOC		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BTP		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bayer DM		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brent		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Vita		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cambridge		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canning (W)		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carrادن		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Warrants		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Croda		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DeeRey		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Engelhard		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
European C		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gibbon		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hickson		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DISTRIBUTORS

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DIVERSIFIED INDUSTRIALS

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICITY

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRONIC & ELECTRICAL EQPT

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING, VEHICLES

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXTRACTIVE INDUSTRIES

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD PRODUCERS

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GAS DISTRIBUTION

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
British Gas	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HEALTH CARE

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HEALTH CARE - Cont.

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOUSEHOLD GOODS

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INVESTMENT TRUSTS

	Notes	Price	+ or -	1995 high	1995 low	Yld Gr's	NAV	Dis or Pm(-)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1995 high	1995 low	Yld Gr's	NAV	Dis or Pm(-)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

INVESTMENT COMPANIES - Cont.

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£32½	—	£34	£29	2,124	2.4	♦
Barlow	♣	£5⅝	-⅛	£6⅞	£4⅞	1,178	1.6	21.8
Gold Flds Prop R		144xa	—	152	118	14.7	7.2	♦
MK Props		80	—	95	85	3.82	12.8	-
SASOL	♥	553	+2	589	435	3,190	2.4	-
SA Brews	†	£16⅝	-⅛	£17⅞	£12⅞	4,670	1.7	28.9
Tiger Oats		862	+12	875	700	1,296	1.7	21.0
Tongaat-Hulett	††	743	—	782	636	877.2	1.9	22.5

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated *Net Asset Values (NAVs)* are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield: p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v P/e ratios are calculated under new ACT guidelines.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xk ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

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BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda
UK: Prof Advisers 0800 414181 Jersey: 01534 71696
Private Clients 0800 414191 00 352 250404230
From O'seas (44 1732 777377 Hong Kong (852) 848 1000

	Selling Price	+ or -	Yield Gr's
A$ Accum	A$17.473	—	6.50
A$ Dist	A$15.708	—	6.50
ASch Accum	Sch239.68	+0.02	3.50
ASch Dist	Sch201.55	+0.02	3.50
BFr Accum	BFr541.00	+0.07	4.90
BFr Dist	BFr505.00	+0.07	4.90
C$ Accum	C$17.476	+0.003	7.00
C$ Dist	C$15.218	+0.003	7.00
DKr Accum	DKr108.52	+0.02	6.20
DKr Dist	DKr101.12	+0.02	6.20
DM Accum	DM36.850	+0.004	3.60
DM Dist	DM30.346	+0.003	3.60
DFl Accum	Dfl30.568	+0.003	3.80
DFl Dist	Dfl25.211	+0.002	3.60
ECU Accum	Ecu12.713	+0.002	5.30
ECU Dist	Ecu10.111	+0.001	5.30
FM Accum	FM105.89	+0.01	3.80
FM Dist	FM100.81	+0.01	3.80
FFr Accum	FFr63.317	+0.006	5.90
FFr Dist	FFr50.986	+0.005	5.90
HK$ Accum	HK$112.68	+0.01	5.50
HK$ Dist	HK$101.27	+0.01	5.50
I£ Accum	£11.495	+0.002	4.80
I£ Dist	£10.087	+0.001	4.80
Lire Accum	L20735	—	9.50
Lire Dist	L15396	—	9.50
NZ$ Accum	NZ$35.519	—	7.70
NZ$ Dist	NZ$30.483	—	7.70
NKr Accum	NKr108.45	+0.01	4.30
NKr Dist	NKr100.86	+0.01	4.20
Pes Accum	Es2903.8	—	8.20
Pes Dist	Es2547.7	—	8.20
S$ Accum	S$35.539	+0.001	1.00
S$ Dist	S$25.057	+0.001	1.00
SPta Accum	Pta2447.7	+0.5	7.80
SPta Dist	Pta1829.2	+0.4	7.80
£ Accum	£12.178	+0.002	5.30

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 248, St Peter Port, Guernsey 01481 723021

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
GlobalSar Dollar Accum	5	$27.52	29.22	+0.18	–
GlobalSar Dollar Dist	5	$26.01	27.61	+0.17	2.85
GlobalSar–£	5	£16.82	17.62	+0.01	1.17
(Accum Units)	5	£19.78	20.33	+0.01	–

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 256, St Peter Port, Guernsey 01481 710851

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
European Bd $	3	$11.6276	12.0038	[illegible]	7.59
Approx Stg Equiv	3	£7.1912	7.4425	[illegible]	7.59

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Emerging Mkts Liquidity Pfolio	$11.87	12.09	—	–

Apollo Investment Management Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Japan	£10.085	10.658	—	–
Tiger	£9.582	10.168	—	–

Arab Bank Fund Managers (Guernsey) Ltd
AB International Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Managed Currency	$11.04	11.08	+0.05	–
International Bond	$11.06	11.10	+0.01	–

Bachmann Global Investment Fund Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Cash, Gilt & Stlg Fxd Int	£17.82	17.85	—	–
US Dollar Intl Bond & Cy	$152.83	157.17	—	–
Sterling Intl Bond & Cy	$101.08	103.22	—	–
Global Equity	$8.84	9.25	—	–
Intl Equity Index	$100.51	104.86	—	–

Bellinvest Management (Guernsey) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Bellinvest – Israel Fd	$550.93		—	–
Bellinvest – Brazil Fd	$1009.94		—	–
Bellinvest – Mlutn Bond Fd	$928.42		—	–
Bellinvest – Global Fd of Fds	$773.89		—	–
Bellinvest – Superior Class	$880.02		—	–

CIBC Fund Managers (Guernsey) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
PCF Sterling Bond ◊	£10.81	11.00	—	–
PCF US Dollar Bond ◊	$15.43	15.69	—	–
PCF Canadian Dollar Bond ◊	C$21.38	21.85	—	–
PCF Euro Bond ◊	SFr18.16	18.51	—	–
PCF Euro Equity ◊	SFr18.24	18.84	—	–
PCF Balanced ◊	$15.61	15.95	—	–
PCF Far East ◊	$14.08	14.91	—	–

Clariden Investment Management (Guernsey) Ltd

	Selling Price	Buying Price	+ or -	Yield Gross
Clariden India Fund	$97.28		—	–

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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Merrill Lynch Asset Management - Contd.

	Selling Price	Buying Price	+ or -	Yield Gross
Pacific Equity Portfolio				
Class A	$9.69		-0.04	-
Class B	$9.65		-0.05	-
Global SmallCap Portfolio				
Class A	$9.22		-0.08	-
Class B	$9.20		-0.07	-
Technology Portfolio				
Class A	$10.19		-	-
Class B	$10.19		-	-

Morgan Stanley Sicav

	Selling Price	Buying Price	+ or -	Yield Gross
Asian Equity Apr 20	$2389.1428		-	-
Emerging Gwth Sch Apr 19	$1144.2738		-	-
Emerging Mkts Apr 20	$1150.4547		-	-
European Eqty Apr 20	Ecu1120.5776		-	-
Global Equity Apr 20	$1858.5855		-	-
Japanese Equity Apr 19	Y75088.7890		-	-
US Equity Gth Apr 19	$1203.2585		-	-
Deutschemark Bond Apr 19	DM1177.7679		-	-
European Bd Apr 19	Ecu1443.6649		-	-
Global Bond Apr 19	$1670.2430		-	-
Nth American Bd Apr 19	$1109.5703		-	-
High Yield Bond Apr 19	$1289.4637		-	-
Real Yield Apr 19	$1085.3062		-	-
International Small Cap Apr 19	Ecu975.6052		-	-
US Small Cap Equity Apr 19	$1095.4185		-	-
US Value Equity Apr 19	$1084.5853		-	-
Latin American Apr 19	$616.1324		-	-
Short Maturity Euro Bd Apr 19	Ecu1030.5440		-	-
Emerging Markets Debt	$1035.7589		-	-

Murray Universal, Sicav

	Selling Price	Buying Price	+ or -	Yield Gross
American Port Apr 19	$38.37	40.28	-	-
European Port Apr 19	9.79	9.85	-	-
Japan Port Apr 19	Y251.80	264.51	-	-
Pacific Port Apr 19	$19.58	20.56	-	-

NICAM Asia Pacific Umbrella Fund

	Selling Price	Buying Price	+ or -	Yield Gross
Asia-Pacific	$13.80	14.39	-	-
Hong Kong	$12.38	12.86	-	-
Singapore	$14.43	14.73	-	-
Malaysia	$16.44	15.78	-	-
Thailand	$14.40	14.70	-	-
Indonesia	$10.15	10.37	-	-
Philippines	$16.93	17.29	-	-
Oceania	$10.91	11.15	-	-
Korea	$8.70	8.78	-	-

*Prices as at Apr 19

Nikko Asia Convertible Bond Fund

	Selling Price	Buying Price	+ or -	Yield Gross
Nikko Asia Conv Bond NAV	$8.75		-	-

Nikko Bank (Luxembourg) S.A.

	Selling Price	Buying Price	+ or -	Yield Gross
US Index Fd-SICAV NAV	$11.02		-	-
Euro Index Fd NAV	Ecu11.41		-	-
Currency Fd - Yen Portfolio	Y-		-	-

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

LONDON STOCK EXCHANGE

MARKET REPORT

Cautious rally encouraged by currency trends

By Terry Byland, UK Stock Market Editor

Fears of an early rise in UK base rates receded a little yesterday and the London stock market steadied from the setback of the previous session. Sterling rallied behind the US dollar and a quarterly report from the British Chambers of Commerce suggested slower economic growth and reduced pressures for an increase in base rates.

But it was a very nervous session with global currency prospects continuing to call the tune for equities. The Bundesbank left its key rates unchanged and the chief economist of the German central bank stressed that an increase of one basis point in the variable repos rate did not imply any policy change.

The FT-SE 100 Share Index closed a net 4.6 up at 3,174.7. Although encouraged by a 6.92 gain in the Dow Jones Industrial Average in UK hours, London stocks were unsettled in late trading by news that Richemont, the French luxury goods group, may bid for the outstanding equity in Rothmans, the tobacco manufacturer.

It was a patchy trading session, with the market falling at one time when news of an unexpectedly high Public Sector Borrowing Requirement of £10.35bn in March cast some doubts over chances for the cuts in UK taxes for which the stock market is looking. With the G7 countries due to meet in Washington next week and the first round of the French presidential elections this weekend, many international funds were unwilling to take on new positions in equities in London or other major European stock markets.

These important international currency and political uncertainties left UK stocks looking tired at the close of business. The improvement in the stock market was largely focused around the blue chip dollar stocks. Oil shares again stood out well as investors responded to bullish trends in crude oil prices. Drug stocks edged higher, the exception being SmithKline Beecham which eased as it reported trading figures for the first quarter.

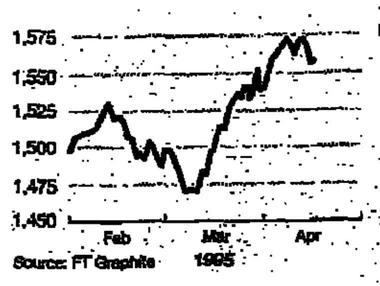
But the easing of base rate tensions failed to bring much relief to the consumer and retail sectors, which will face the official retail sales data for March when the market opens this morning.

The market expects to see evidence that retail sales are continuing to stall – the median prediction is for a rise of only 0.3 per cent compared with the rise of 1.2 per cent in February. Such a figure would help check concerns that base rates may soon be forced higher, while leaving the retail sectors under a cloud. Analysts do not expect the stock market to respond very strongly to the UK sales figures, however.

The FT-SE Mid 250 Index climbed 6.7 points to 3,489.3 as the broad range of the market took its lead from the blue chips. Trading volumes remained good yesterday, with 655.4m shares moving through the Seaq network, compared with 532.7m on Wednesday.

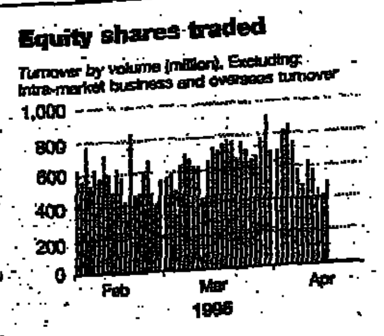
Once again, the Footsie listed stocks dominated trading, and business in non-Footsie issues made up only about 53 per cent of the day's total. On Wednesday, retail, or customer, business in equities was worth £1.25bn.

FT-SE-A All-Share Index



Equity shares traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3174.7	+4.6
FT-SE Mid 250	3489.3	+6.7
FT-SE-A 350	1578.1	+2.5
FT-SE-A All-Share	1558.49	+2.34
FT-SE-A All-Share yield	4.11	(4.11)
FT Ordinary Index	2421.4	+1.9
FT-SE-A Non Fins p/e	17.14	(17.10)
FT-SE 100 Fut Jun	3188.0	+8.0
10 yr Gilt yield	8.43	(8.72)
Long gilt/equity yld ratio:	2.08	(2.09)

Best performing sectors

1. Tobacco .... +1.5
2. Gas Distribution .... +1.3
3. Oil, Integrated .... +1.2
4. Oil Exploration & Prod .... +1.0
5. Retailers, Food .... +0.9

Worst performing sectors

1. Extractive Industries .... -0.9
2. Property .... -0.8
3. Electron & Elect Equip .... -0.7
4. Building & Construct .... -0.6
5. Building Matls & Merch .... -0.4

Tobacco sector lit up

The share price of Rothmans shot up yesterday as the market got wind of developments within the tobacco group controlled by Richemont of France, the luxury goods group.

There was fevered speculation that either Rothmans would announce a special dividend or Richemont would buy out the remaining equity.

Share prices quoted on trading screens were declared indicative in the afternoon and, shortly afterwards, Richemont announced it was intending to buy the 39 per cent it did not already own for 625p a Unit. Subsequently, the quoted price moved up again to end the day 118p higher at 606p on turnover of 4.5m.

The reception in the market was mixed. Some analysts applauded the move and added that it was likely to lead to an injection of around £1.6bn into UK equities. However, Mr Clive Richardson of Henderson Crosthwaite said Richemont could have picked up the stake significantly cheaper last summer, when the Units were around 350p each.

Such a move would leave the tobacco sector with a single quoted company; only BAT Industries, the international insurance and tobacco conglomerate, would be left. Bat's share price eased a penny to 443p on heavy trade of 10m.

Telecoms shares featured prominently at both ends of the Footsie performance charts yesterday following heavy switching out of Cable and Wireless.

C&W ended the session 11 lower at 403p as investors stampeded into mobile phones group Vodafone which advanced 4½ to 187¼p and BT, up 4½ at 387p. All three shares were heavily dealt with combined volume topping 34m trades.

The switch advice came from a plethora of investment houses (Nomura Securities, SCGT and SBC) and followed markedly divergent recent runs for the shares. Over the past month C&W had run almost 5 per cent ahead of the market as a whole in contrast to underperformance of 11 per cent by Vodafone.

Shares in C&W have been buoyed on hopes for the disposal of the group's Mercury operation which had net assets of £1.7bn in the last accounts. US giant AT&T has been hotly tipped to buy all or part of Mercury.

Dealers said the switch into Vodafone was partly prompted by a fading of competition concern. Nomura felt worries about a fifth mobile phones operator entering the UK market had been overplayed.

Newly-issued General Cable closed 4 below the flotation price at 186p. Turnover was 7m. Cables rival TeleWest, floated last November, eased 2½ to 151p.

Shares in Northern Electricity gained 10 to 777p, on strong speculation that Trafalgar House will make a revised 950p a share offer.

The talk followed confirmation from Northern that it had received a demand from dissident shareholders claiming to speak for about 10 per cent of the equity, to call an extraordinary general meeting (EGM) to consider a new offer from Trafalgar. The company said it was considering the request.

Trafalgar originally bid 1100p a share but allowed the offer to lapse after the industry regulator announced a review on price controls in the sector last month. The UK Takeover Panel turned down Trafalgar's wish to proceed with a 950p bid without Northern's consent.

Mr Kevin Lapwood at Smith New Court said: "I believe Trafalgar will come back and put an offer on the table that appeals to shareholders at more than the level of the current share price, though not necessarily as high as 950p."

Northern has seven weeks in which to hold the meeting and it could be held around the time the industry regulator is expected to announce the results of his review. Shares in Trafalgar hardened ½ to 52p, in trade of 1.4m.

Bid talk enlivened the rest of the regional electricity companies sector following the news at Northern. Yorkshire, thought to be the sector's leading bid candidate, jumped 11 to 679p in trade of 1.4m. East Midlands also appreciated 11 to 654p, while Midlands gained 8 to 648p, and Southern hardened 7 to 647p.

RTZ, the world's biggest mining group, fell 8 to 799p in the registered shares as S.G. Warburg made cautious noises about the prospects for metal prices in 1997.

Pharmaceutical group SmithKline Beecham slipped 6½ to 503p by first quarter pre-exceptional profits of £360m and a 3.2p dividend. Analysts said that although the headline number was near the top of the range, and pharmaceuticals were higher than expected, there was some disappointment over the dividend which had been forecast to come in at 3.3p.

The bid battle for pharmaceuticals wholesaler AAH by Gehe of Germany hotted up yesterday. AAH published its final defence document and Gehe argued that it had not disclosed sufficient information. The German group now speaks for around 28 per cent of the AAH shares but has so far failed to convince the three main shareholders, which between them account of 30 per cent of the equity, to sell out. AAH was slightly easier at 440p

Cantab Pharmaceuticals tumbled 20 to 113p after announcing it was cutting its workforce by a quarter and concentrating only on its most advanced clinical programmes. The cutback comes on top of a decision in March not to proceed with Phase 3 trials of its most advanced product, a transplant drug.

Motor parts fitter Kwik-Fit added 10½ to 158p for a two-day gain of close on 10 per cent following a recent review of the motor sector by Smith New Court. The shares, held back of late by a sizeable stock overhang, were SNC's best value buy ahead of estimated growth in earnings per share this year of 20 per cent.

Mirror Group lost ground after including a cautious statement with top of the range results. The newspaper group said that although price competition had abated, it has been replaced by sharply rising newsprint prices. Also there was disappointment over some of the accounting procedures. The shares, up earlier in the week, fell 5 to 135p.

Turnover in House of Fraser soared to 9.3m and the shares fell 8 to 144p, as brokers downgraded profit expectations, following publication of disappointing full-year figures.

Several brokers also said they were putting the shares on the sell list. BZW was among those that turned seller, cutting its current-year profits forecast by 27 per cent to £33m. It cited the poor outlook for current trading and weakness in gross margins.

British Aerospace jumped 8 to 506p, dragging prospective bid target VSEL 3 higher to 1608p at which level the submarine maker still sells at a discount of 5 per cent to the notional value of the BAe offer. Rival bids for VSEL from BAe and electronics giant GEC are still awaiting final monopolies recommendations. A final ruling GEC dipped 4¼ to 298¾p in 7.1m turnover.

FINANCIAL TIMES EQUITY INDICES

	Apr 20	Apr 19	Apr 18	Apr 13	Apr 12	Yr ago	*High	*Low
Ordinary Share	2421.4	2419.5	2434.0	2446.7	2447.5	2470.7	2454.1	2238.3
Ord. div. yield	4.37	4.37	4.34	4.32	4.32	4.04	4.73	4.31
P/E ratio net	16.45	16.46	16.57	16.97	16.80	19.51	21.33	16.45
P/E ratio nil	16.37	16.39	16.49	16.89	16.72	20.42	22.21	15.77

*For 1995. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2421.8	2416.7	2416.9	2424.4	2424.2	2425.5	2425.5	2425.6	2421.8	2426.9	2414.0

	Apr 20	Apr 19	Apr 18	Apr 13	Apr 12	Yr ago
SEAQ bargains	21,361	20,557	20,625	20,774	21,461	28,169
Equity turnover (£m)†	-	1252.4	1041.5	1182.9	1514.6	1669.7
Equity bargains†	-	30,439	32,073	30,552	30,725	32,898
Shares traded (ml)†	-	499.2	417.7	459.4	563.0	699.4

†Excluding intra-market business and overseas turnover.

■ **London market data**

Rises and falls*		1995 Highs and lows		LIFFE Equity options	
Total Rises	615	Total Highs	99	Total contracts	35,041
Total Falls	499	Total Lows	60	Calls	17,661
Same	1,752			Puts	17,380

April 20. *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3191.0	3188.0	+8.0	3198.0	3178.0	12135	70972
Sep		3211.0	+8.0			0	1619
Dec		3240.0	+8.0			0	180

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3510.0	3510.0	+15.0	3510.0	3510.0	3	4284

■ FT-SE 100 INDEX OPTION (LIFFE) (*3175) £10 per full index point

	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P
Apr	[illegible]															
May	[illegible]															
Jun	[illegible]															
Jul	[illegible]															
Dec†	[illegible]															

Calls 4,626 Puts 7,386

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3025	3075	3125	3175	3225	3275	3325	3375
Apr	[illegible]							
May	[illegible]							
Jun	[illegible]							
Sep	[illegible]							
Dec†	[illegible]							

Calls 6,976 Puts 4,455 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1995 High	1995 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E ratio
150	F.P.	533.0	176	154	Albright & Wilson	170	-3	Lv6.0	-	4.4	-
-	F.P.	17.5	201	170	Beafe	170		H5.9	-	4.3	-
170	F.P.	74.1	171	171	Biocompatibles Int'l	171		-	-	-	-
-	F.P.	4.19	164	113	Brit Aerospace Uts	135	+3	-	-	-	-
60	F.P.	9.66	63	61	Coral Products	63		-	-	-	9.5
§128	F.P.	15.4	135	128	Dalywn	128	-2	Rv6.0	2.2	5.9	6.7
§130	F.P.	52.1	156	138	Datrontech	155		-	-	-	17.8
175	F.P.	103.2	178	170½	Ebro Intl	175	+1	Wv6.0	3.3	4.2	13.0
100	F.P.	20.0	101	100	F&C SUIT Units	100		-	-	-	-
100	F.P.	29.4	101	98	Geared Inc Inv C	98		-	-	-	-
476	170	6,179.2	193	155½	*Natl Power (P/P)	175	-1	F15.45	2.6	4.0	13.2
90	F.P.	18.2	96	90	PTS	94		L3.6	1.9	4.7	13.9
512	185	4,050.6	206	176½	*PowerGen (P/P)	189	-2	F15.0	3.2	3.8	11.1
125	F.P.	19.8	128	125	Precoat Int'l	128		R4.2	2.5	4.1	12.3
270	F.P.	75.8	318	302	Pariford	316	+1	R5.0	2.9	2.0	18.7
-	F.P.	83.9	535	452	Schroder I G Uts	530	-5				
100	F.P.	23.3	99	95	Scott Or Smir Cos	99½	+½				
-	F.P.	0.04	1600	5	Superframe Wts	7	+1				
97	F.P.	46.1	159	133	Vison	149	-2				

* Note: Issue price 10p higher for institutional and overseas investors.

FT GOLD MINES INDEX

	Apr 19	% chg on day	Apr 18	Apr 17	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	2041.58	+0.4	2033.58	1981.14	1790.65	2.08	2337.90	1637.91
■ Regional Indices								
Africa (16)	2870.02	+2.4	2803.33	2707.30	2552.41	4.75	3711.87	2365.52
Australasia (7)	2546.61	+0.8	2529.15	2431.64	2462.84	1.65	2951.48	1768.20
North America (11)	1729.17	-0.7	1741.58	1709.24	1488.46	0.79	1911.21	1346.18

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Latest prices were unavailable for this edition.

FT - SE Actuaries Share Indices — The UK Series

	Apr 20	Day's chge%	Apr 19	Apr 18	Apr 13	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3174.7	+0.1	3170.1	3194.5	3208.8	3101.2	4.30	1.92	15.15	49.29	1231.57
FT-SE Mid 250	3489.3	+0.2	3482.6	3493.2	3500.8	3782.5	3.70	1.79	18.83	41.74	1330.75
FT-SE Mid 250 ex Inv Trusts	3500.0	+0.2	3492.7	3502.8	3509.3	3801.2	3.65	1.85	17.58	43.45	1333.53
FT-SE-A 350	1578.1	+0.2	1575.6	1586.1	1592.4	1579.1	4.16	1.89	15.85	23.24	1251.70
FT-SE-A 350 Higher Yield	1591.1	+0.3	1586.6	1596.9	1604.3	1585.9	5.11	1.68	14.57	30.53	1041.81
FT-SE-A 350 Lower Yield	1565.0	.....	1564.9	1575.6	1580.5	1531.7	3.05	2.32	17.66	15.56	1042.20
FT-SE SmallCap	1744.29	+0.1	1742.63	1743.43	1743.34	1927.39	3.47	1.59	22.74	19.81	1379.26
FT-SE SmallCap ex Inv Trusts	1721.08	+0.1	1719.81	1719.83	1719.22	1903.50	3.68	1.65	20.54	20.15	1365.97
FT-SE-A ALL-SHARE	1558.49	+0.2	1556.15	1565.74	1571.44	1571.02	4.11	1.87	16.23	22.55	1256.77

■ **FT-SE Actuaries All-Share**

	Apr 20	Day's chge%	Apr 19	Apr 18	Apr 13	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	2763.88	+0.8	2741.29	2737.71	2743.71	2603.00	3.73	1.75	19.20	52.95	1138.11
12 Extractive Industries(7)	3694.37	-0.9	3726.17	3750.92	3747.63	3777.48	3.81	1.98	16.71	91.84	1046.14
15 Oil, Integrated(3)	2758.07	+1.2	2727.24	2717.66	2725.75	2534.78	3.84	1.79	18.21	50.43	1161.01
16 Oil Exploration & Prod(14)	1986.31	+1.0	1966.39	1973.19	1975.24	2002.74	2.49	0.43	80.00†	31.57	1168.62
20 GEN INDUSTRIALS(279)	1865.80	-0.2	1868.91	1882.80	1892.74	2109.08	4.20	1.63	18.23	26.88	973.83
21 Building & Construction(38)	969.23	-0.6	964.87	970.14	973.51	1342.10	4.14	1.87	16.14	16.01	770.23
22 Building Matls & Merchs(31)	1720.44	-0.4	1727.75	1749.17	1770.72	2130.59	4.30	1.88	15.45	20.63	828.45
23 Chemicals(22)	2278.92	-0.3	2285.88	2300.45	2305.06	2458.30	4.15	1.38	21.77	32.54	1033.85
24 Diversified Industrials(18)	1827.54	-0.3	1832.29	1844.96	1856.58	2078.14	5.22	1.45	16.46	37.72	966.54
25 Electronic & Elect Equip(37)	1958.90	-0.7	1972.14	1990.64	1998.28	2066.48	3.72	1.92	17.45	13.10	974.52
26 Engineering(72)	1826.03	+0.2	1822.59	1832.29	1836.86	1972.89	3.38	1.90	19.44	19.90	1064.53
27 Engineering, Vehicles(13)	2194.39	+0.2	2189.60	2185.63	2203.81	2485.16	4.17	0.29	80.00†	40.81	1094.70
28 Paper, Pckg & Printing(27)	2800.45	+0.4	2789.13	2818.34	2828.93	2925.79	3.41	2.31	15.87	37.94	1124.15
29 Textiles & Apparel(21)	1568.66	+0.2	1565.74	1579.46	1582.64	1815.11	4.50	1.26	21.97	25.73	913.38
30 CONSUMER GOODS(94)	2990.34	+0.2	2984.77	2996.81	3016.40	2676.58	4.34	1.63	17.68	52.92	1056.39
31 Breweries(18)	2253.35	+0.1	2251.01	2257.64	2283.93	2271.80	4.26	2.00	14.71	12.19	1032.46
32 Spirits, Wines & Ciders(10)	2720.94	+0.2	2714.80	2732.56	2753.04	2905.99	4.26	1.83	16.01	54.52	938.76
33 Food Producers(24)	2400.08	.....	2400.21	2413.56	2424.43	2309.04	4.23	1.96	15.11	51.64	1043.51
34 Household Goods(10)	2440.60	-0.2	2445.48	2466.67	2476.32	2822.28	3.77	0.86	38.33	50.32	902.28
36 Health Care(18)	1706.61	-0.2	1709.67	1694.80	1688.48	1710.19	3.04	1.07	38.64	9.19	1002.25
37 Pharmaceuticals(12)	3748.44	.....	3749.48	3762.20	3781.02	2698.69	4.14	1.38	22.78	48.48	1219.25
38 Tobacco(2)	3778.86	+1.5	3722.82	3735.84	3786.16	3674.42	6.00	1.63	12.76	131.29	894.37
40 SERVICES(229)	1927.74	+0.1	1926.08	1935.89	1936.89	2032.45	3.39	2.10	17.58	18.12	964.65
41 Distributors(32)	2400.10	+0.2	2394.82	2392.65	2397.10	3077.59	3.96	1.95	16.22	41.11	853.68
42 Leisure & Hotels(29)	2169.15	+0.5	2158.49	2170.90	2174.02	2248.20	3.54	1.58	22.35	28.91	1090.62
43 Media(43)	2848.52	.....	2848.08	2863.08	2866.62	3112.45	2.75	2.28	19.94	35.84	1004.67
44 Retailers, Food(16)	1676.22	+0.9	1659.02	1676.14	1667.68	1527.64	3.59	2.48	14.05	4.43	1135.07
45 Retailers, General(44)	1605.02	-0.4	1611.09	1623.16	1627.40	1749.87	3.41	2.12	17.26	10.82	879.57
48 Support Services(37)	1515.49	.....	1515.27	1505.02	1500.87	1646.99	2.82	2.46	18.02	12.45	936.04
49 Transport(21)	2192.33	-0.3	2199.15	2205.07	2205.69	2522.05	3.92	1.91	16.68	27.30	876.72
51 Other Services & Business(7)	1204.46	.....	1204.46	1203.48	1205.20	1130.62	3.74	1.22	27.32	10.90	1054.64
60 UTILITIES(37)	2305.65	+0.4	2295.71	2302.36	2304.76	2294.86	4.72	1.83	13.72	6.85	906.44
62 Electricity(17)	2210.11	+0.4	2201.55	2196.10	2177.79	2210.52	4.63	2.67	10.13	19.89	945.82
64 Gas Distribution(2)	2016.58	+1.3	1990.98	1975.24	1972.66	2022.88	5.94	0.65	32.24	0.00	947.17
66 Telecommunications(5)	1974.08	+0.4	1966.61	1994.58	2010.42	2002.29	4.14	1.69	17.90	0.13	856.81
68 Water(13)	1844.47	-0.2	1848.42	1829.22	1830.55	1722.16	5.43	2.73	8.42	4.62	940.52
69 NON-FINANCIALS(683)	1682.28	+0.2	1679.19	1686.49	1692.21	1700.00	4.06	1.79	17.14	21.36	1217.29
70 FINANCIALS(118)	2248.00	.....	2248.12	2281.62	2292.61	2202.49	4.71	2.32	11.46	55.83	920.12
71 Banks, Retail(9)	3002.73	+0.1	3000.03	3045.70	3063.17	2759.54	4.57	2.92	9.36	86.03	931.99
72 Banks, Merchant(6)	3153.43	+0.4	3141.94	3185.00	3182.22	2825.54	3.67	2.54	13.38	31.67	987.69
73 Insurance(26)	1252.22	+0.2	1250.32	1275.61	1285.84	1339.57	5.67	1.66	13.29	33.96	890.88
74 Life Assurance(6)	2480.15	-0.1	2481.84	2554.51	2568.39	2527.47	5.46	1.33	17.17	67.68	993.82
77 Other Financial(23)	1977.22	.....	1976.29	1979.40	1973.30	1902.08	3.90	2.31	13.89	21.60	1080.62
79 Property(46)	1333.72	-0.8	1344.15	1358.62	1362.63	1612.65	4.51	1.18	23.44	11.82	780.47
80 INVESTMENT TRUSTS(133)	2641.09	+0.1	2636.45	2647.77	2657.78	2831.65	2.41	1.02	50.62	20.53	899.43
89 FT-SE-A ALL-SHARE(914)	1558.49	+0.2	1556.15	1565.74	1571.44	1571.02	4.11	1.87	16.23	22.55	1256.77
FT-SE-A Fledgling	966.95	.....	966.59	968.05	966.63	-	3.11	1.13	35.46	9.45	976.44
FT-SE-A Fledgling ex Inv Trusts	982.33	.....	982.16	963.63	962.04	-	3.30	1.16	32.68	10.06	972.39

■ **Hourly movements**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3175.0	3167.2	3167.0	3175.0	3175.0	3175.9	3175.3	3178.8	3174.9	3177.5	3162.2
FT-SE Mid 250	3488.9	3487.4	3484.6	3487.7	3488.3	3487.2	3488.7	3487.4	3488.7	3489.3	3484.3
FT-SE-A 350	1578.2	1575.0	1574.7	1578.0	1578.1	1578.3	1578.1	1578.6	1578.1	1579.0	1572.8

Time of FT-SE 100 Day's high: 3.08pm Day's low: 9.47am. FT-SE 100 1995 High: 3210.9 (7/4) Low: 2954.2 (23/1).

■ **FT-SE Actuaries 350 Industry baskets**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	944.8	944.6	944.6	944.9	945.1	941.4	940.6	939.9	939.3	939.3	944.9	-5.6
Pharmaceuticls	3725.3	3714.7	3718.4	3731.1	3730.9	3731.4	3720.8	3721.4	3716.4	3716.4	3717.0	-0.6
Water	1855.2	1853.7	1845.1	1846.4	1846.0	1844.7	1844.6	1844.6	1838.0	1837.7	1841.7	-4.0
Banks, Retail	3052.4	3041.8	3039.1	3047.6	3045.1	3045.1	3043.2	3042.3	3041.1	3041.1	3038.3	+2.8

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based productsrelating to these indices, is available from FINSTAT, Fitzroy House 13-17 Epworth Street, London EC2A 4DL.
The FT "500" has been renamed FT-SE-A Non-Financials Index. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

† Sector P/E ratios greater than 80 and net covers greater than 30 are not shown. ± Values are negative.

TRADING VOLUME

■ **Major Stocks Yesterday**

	Vol. 000s	Closing price	Day's change
[illegible]			

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 index constituent. All trades are rounded.

LEGAL NOTICES

ICB COMPANY LIMITED
(Formerly International Commercial Bank Plc)
(IN MEMBERS' VOLUNTARY LIQUIDATION)
COMPANY NUMBER 911089

NOTICE IS HEREBY GIVEN, pursuant to Rule 4.182A of the Insolvency Rules 1986, that the Liquidator of the above company intends making a distribution to creditors.

Creditors of the company are required to prove their debts, on or before 31 May 1995 by sending to Nigel Geoffrey Atkinson, Liquidator, at the address given below, written statements of the amount they claim to be due to them from the company. They must also, if so requested, provide such further details or produce such documentary or other evidence as may appear to the Liquidator to be necessary.

A creditor who has not proved his debt before the date mentioned above is not entitled to disturb, by reason that he has not participated in it, the intended distribution mentioned above or any other distribution declared before his debt is proved.

Dated: 21 April 1995

N G Atkinson
Liquidator
Touche Ross & Co
PO Box 810
Cedric House
8-9 East Harding Street
London
EC4A 3AS

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WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 20 / Sch)

BELGIUM/LUXEMBOURG (Apr 20 / Frs.)

CZECH REP (Apr 20 / Koruna)

DENMARK (Apr 20 / Kr)

FINLAND (Apr 20 / Mkk)

FRANCE (Apr 20 / Frs.)

GERMANY (Apr 20 / Dm.)

GREECE (Apr 20 / Drachma)

ITALY (Apr 20 / Lire)

NETHERLANDS (Apr 20 / Fl.)

NORWAY (Apr 20 / Kroner)

POLAND (Apr 19 / Zloty)

PORTUGAL (Apr 20 / Escudo)

SPAIN (Apr 20 / Pts.)

SWEDEN (Apr 20 / Kronor)

SWITZERLAND (Apr 20 / Frs.)

TURKEY (Apr 20 / Tk Lira)

PACIFIC

JAPAN (Apr 20 / Yen)

AUSTRALIA (Apr 20 / Aust$)

HONG KONG (Apr 20 / H.K.$)

INDONESIA (Apr 20 / Rupiah)

MALAYSIA (Apr 20 / MYR)

NEW ZEALAND (Apr 20 / NZ $)

SINGAPORE (Apr 20 / S$)

SOUTH KOREA (Apr 20 / Won)

TAIWAN (Apr 20 / TW $)

THAILAND (Apr 20 / Baht)

AFRICA

SOUTH AFRICA (Apr 20 / Rand)

NORTH AMERICA

CANADA

TORONTO (Apr 20 / Can $)

MONTREAL (Apr 20 / Can $)

4 pm close

INDICES

US INDICES

■ RATIOS

■ NEW YORK ACTIVE STOCKS

■ TRADING ACTIVITY

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
■ CAC-40 (200 x Index)							
Mar	1894.0	1896.0	+16.0	1897.0	1880.0	19,133	26,697
Apr	1892.5	1893.5	+8.0	1894.0	1877.5	1,792	12,266
■ DAX							
Jun	1952.0	1959.5	+7.5	1964.5	1951.0	12,898	-
Sep	1978.0	1981.5	+6.0	1987.0	1978.0	79	-

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
■ OMX							
Apr	1170.00	1170.00	-1.00	1182.00	1170.00	6,786	22,542
May	1156.00	1161.50	+5.50	1170.00	1156.00	2,447	3,071
■ SOFFEX							
Apr	2520.0	2541.0	+24.5	2546.8	2519.0	7,144	11,388
Jun	2490.0	2510.0	-30.0	2490.0	2490.0	15	1,025

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
■ S&P 500							
Jun	506.50	508.10	+1.45	508.35	506.30	91,482	197,816
Sep	512.10	512.20	+1.25	512.20	512.10	957	12,881
■ Nikkei 225							
Jun	16600.0	16890.0	+270.0	16730.0	16550.0	24,956	126,946
Sep	16880.0	16680.0	+180.0	16880.0	16680.0	24	107

Open interest figures for previous day.

– Sat Apr 15: Taiwan Weighted Price 6247.75; Korea Comp Ex 911.41. Base values of all indices are 100 except Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 25 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index Apr 20 - 1958.33 +11.45.

† Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, April 20, 1995

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	5.7m	341	+4	Hitachi	3.5m	875	+15
Toshiba	5.5m	563	+8	Mitsubishi Hvy	3.5m	624	+3
Mitsubishi Oil	4.7m	882	+18	Tokyo Gas	3.0m	392	+2
Sumitomo Mtl	4.4	282	+7	Mitsui Min	2.9m	349	+2
Kawasaki Steel	4.2m	350	+2	NKK	2.4m	237	+3

4 pm close April 20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
14¼	12⅛	AAR	0.48	3.6	22	353	13⅝	13¼	13½	+¼
24	19¾	ALPharmaA	0.18	0.8	293	142	23¾	23⅜	23½	
39⅜	35	AMP	0.92	2.4	21	3503	38¼	37⅝	38	+⅛
70	53⅜	AMR			28	11525	67¾	64	64	-⅝
47⅞	41⅞	ASA	1.71	3.8	29	905	46½	45¼	45¼	-1⅛
39⅛	30¾	AbbtL x	0.84	2.3	19	7181	37¼	37	37	-⅛
14⅝	12	Abitibi Pr	0.40	2.9	106	194	14⅛	13⅞	13⅞	-⅛
24⅜	21	ABM Ind	0.60	2.6	13	125	23¼	22¼	23¼	+¾
16⅝	14¼	Acptncsin			8	367	14⅞	14¾	14⅞	+⅛
27	21⅞	ACE Ltd	0.44	1.7	6	1420	26⅝	26⅛	26½	
8¾	8⅛	ACM Gvt In	0.90	10.7	7	266	8⅜	d8⅛	8⅜	+⅛
7½	6½	ACM GvOpp	0.66	9.8		22	6⅞	6¾	6⅞	
7½	5¾	ACM Gvt Sp	0.75	12.0		166	6¼	6	6¼	+⅛
8⅝	7¼	ACM Gvt Se	0.90	12.0		352	7½	7⅜	7½	+⅛
8½	7⅝	ACM Man	1.08	13.1		233	8¼	8⅛	8¼	
7⅝	7⅛	ACM Managd	0.72	9.8		171	7½	7⅜	7⅜	
19¾	10¼	AcmeCw	0.48	2.6	10	262	18⅛	17¾	18⅛	+⅛
21½	12⅜	Acme Elect			21	123	19¼	19	19⅛	
34½	31⅜	Acordia	0.72	2.2	16	12	33	33	33	
11⅜	8⅝	Acuson			18	245	11½	11¼	11½	+⅛
11⅜	8⅝	Actava	0.36	3.8	7	209	9⅝	9⅛	9½	
17	15⅝	Adams Expr	0.48	2.8	0	214	u17	16¾	17	
68½	53	Ad Micro				66	66	66	66	
36⅞	25	AdvMic			9	5777	33¾	32⅝	33½	+⅝
6⅜	5	Advest Grp	0.16	2.7	30	88	6	5⅝	6	+¼

Continued on next page

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4 pm close April 20

NYSE COMPOSITE PRICES

1995 High	1995 Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous page										
10	8	SantaFeERs	0.16	1.7	158	2651	9⅝	9½	9½	
13¼	9	SFeGd			27	5396	13⅛	12⅞	12¾	-⅛
37	33¼	SFePPipe	3.00	8.2	9	160	36⅝	36⅛	36⅝	+⅛
24	17⅛	SanFeP	0.10	0.4	22	3361	23⅝	23⅛	23½	
28⅞	24¼	SaraLee	0.68	2.5	56	3382	27⅝	26¾	27⅝	+⅛
45⅛	41⅛	Scana Corp	2.88	6.7	13	441	42⅞	42⅛	42¾	
16¾	14½	Scecrp	1.00	6.2	10	4602	16¼	15⅞	16	-⅛
11¼	8	SchwabA	0.26	3.2	12	90	8¼	8	8¼	+⅛
50⅛	42⅞	SchercdRP			29	296	47⅛	46⅞	46⅞	-⅛
79¾	71	SchrPl	2.32	3.0	16	5321	78⅛	78½	78¼	+⅛
60⅛	50⅛	Schlmb	1.20	1.9	28	21441	u63⅞	61½	63½	+3½
48⅞	28⅞	Schwab(C)	0.24	0.8	20	814	31⅞	31¼	31⅝	+⅛
11⅛	7¾	Scheltzer			8	27	10⅝	10⅝	10⅝	
24⅞	17½	SciAtl	0.06	0.3	28	1941	22¼	22⅛	22⅛	
18⅞	16⅞	Scotsman	0.10	0.5	12	49	u18⅞	18⅝	18¾	+⅛
91⅛	67⅛	ScottP	0.40	0.5	19	1956	87⅛	86⅛	86½	-⅞
32¾	26⅞	Scripps	0.44	1.5	17	320	29½	29¼	29⅜	+⅛
21½	14⅞	ScuddrNAsF	0.02	0.1		220	15⅞	15½	15⅞	+⅛
9¼	8⅝	ScuddrNEuF	0.16	1.8		110	9⅛	9	9⅛	
16½	13⅞	SeaCnB	0.70	4.3	10	16	16⅛	16⅛	16⅛	
16	14⅝	SeaC1.4625	1.46	9.6		6	15½	15¼	15¼	
30⅛	23⅝	S'gate			8	2749	28⅝	27½	28½	+½
32⅞	25⅞	Seagrm	0.60	2.3	12	5815	27⅛	26⅝	26⅝	-⅜
20	15¼	Seagull En			193	3761	17½	17	17⅜	+⅜
45½	35⅞	Sealed Air			21	489	41	40¾	40¾	-⅜
54⅞	44⅛	SearsR	1.60	3.0	16	13784	53¼	52⅝	53	+⅜
18½	16⅞	SecCapSBI	1.15	6.8	25	639	17⅛	16¾	17	
12¼	10⅜	Seligm Sel x	0.84	7.0		57	12	11⅞	12	
35⅞	27½	Sensormat	0.22	0.8	22	3132	28¾	27¾	27⅞	-⅛
[illegible]										

AMEX COMPOSITE PRICES

4 pm close April 20

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
[illegible]							

4 pm close April 20

NASDAQ NATIONAL MARKET

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
[illegible]							

AMERICA

IBM results lend support to US stocks

Wall Street

Share prices were mixed in morning trading yesterday as blue chips again outperformed the broader stock indices, *writes Maggie Urry in New York.* The main force behind market moves came from first quarter earnings figures, with pleasant surprises outweighing disappointments. Strong profits from IBM pushed up its shares and led the Dow Jones Industrial Average higher.

By 12.30 pm the Dow was 11.07 higher at 4,218.56, while *the more broadly traded Standard & Poor's* 500 weakened 0.11 to 504.18. The American Stock Exchange composite was up 0.28 at 471.06. Meanwhile the Nasdaq composite was 0.06 lower at 816.49. NYSE volume was heavy at 187m shares.

Leading the corporate earnings news were IBM and Compaq Computer. IBM's first quarter earnings were well ahead of analysts' expectations. The shares rose $2¾ to $89⅞. Trading in Compaq had to be halted for 20 minutes after it published an optimistic view for the current year. The shares were $3¼ higher at $35½, a gain of 10 per cent.

However, other technology stocks continued the recent trend of underperformance. *Motorola shares dipped $1 to* $52⅞, and Digital Equipment fell $1 to $42⅛.

Earnings news from General Motors cut $⅛ from the stock at $43⅞. Meanwhile, Chrysler dropped $1⅞ to $44⅞ after Bear Stearns, the investment bank, said it would not act for Mr Kirk Kerkorian in his proposed bid for the car maker.

Oil shares rose ahead of profit news due next week. Occidental Petroleum shares gained $⅜ to $23⅛ and Chevron, a constituent of the Dow index, was up $⅜ to $46⅞.

Drug stocks were also active on earnings reports, but after recent outperformance only Bristol Myers Squibb of the four large companies reporting managed to rise further. Its *shares were up $⅜ to $62⅞,* while Warner Lambert dipped $⅛ at $79⅞, Schering-Plough $⅜ to $76⅞ and American Home Products $⅜ to $76⅞.

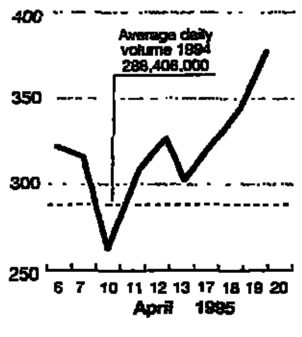
Sears Roebuck, the retailer and insurance group, rose $⅞ to $52⅞ after reporting net income of $1.41 per share, recovering from the earthquake losses in the comparable quarter.

After Wednesday's gain of $4½ at Eastman Kodak the shares slipped $⅞ to $56⅛ as profit-taking set in. Similarly General Electric failed to hold on to its gains from the day before, down $½ to $54⅛.

US Healthcare continued to tumble, falling $3½ to $29⅞. On Wednesday it dropped $6½ after the managed care company said it would be more price competitive to offset a slowing in its enrolment. Quantum Health Resources, a *provider of chronic disease services,* said its margins would come under pressure from a cut in reimbursement by the California Department of Health, and dropped $2½ to $17⅛.

NYSE volume

Daily (million)



Canada

Toronto golds were pressured at midday by overnight profit-taking and a stronger US dollar, and the heavily weighted shares in this sector pulled others lower as the TSE 300 *composite index sank 21.50 to* 4,261.90 in volume of 34m shares valued at C$365m. The gold and precious metals index fell 134.24 to 10,212.16.

Buenos Aires rises

Buenos Aires opened with a strong gain in early trading, helped by a 4 per cent rise on Wednesday. By mid-morning the Merval index was up 17.34 at 390.53. Investors were seen taking an interest in Astra, the oil company, while banks were also being heavily traded. Turnover was moderate, having reached 18m pesos on Wednesday.

MEXICO, in contrast, was weaker amid fears of disappointing first quarter results due to be published soon. The IPC index *was down 14.27* at 1,778.48.

BRAZIL remained in positive mood, the Bovespa index up 630 at 33,937, following a speech by President Fernando Henrique Cardoso in the US in which he said that he was committed to the privatisation programme.

CARACAS closed slightly lower, with the Merinvest composite index slipping 0.39 to 90.78, with Electricidad de Caracas off *1.20 bolivars at 177.00* bolivars.

The decision by the government earlier this week to prohibit the listing of Venezuelan Brady Bonds *on the exchange* also contributed to the negative tone.

S African golds retreat

Gold shares fell back in quiet trade following disappointing first quarter results from Anglos. The gold index lost 51.2 or 3.3 per cent to 1,507.7, the overall index 22.4 to 5,417.4 and industrials rose 3.3 to 6,697.3.

Anglos shed R2.50 to **R207.50 on its results, while Vaal Reefs dipped R19 to R244 and West Deeps R8 to R125. De Beers gained 75 cents to R97.75.**

Freegold, the country's biggest gold mining company, slipped 2.7 per cent to R45.50.

Elsewhere Kloof was 50 cents off at R42.7, Sappi, the paper group, lost R2 to R73 as *profits were taken following* recent gains. Engen made 50 cents to R27.50 and Sasol added 50 cents to R32.50.

EUROPE

Paris auto stocks excited by Peugeot results

The better trend in the dollar until the European afternoon gave bourses a reasonable start, *writes Our Markets Staff.* However, the day's gains seemed tentative, based on trading rather than investment decisions.

PARIS was excited by Peugeot which reported 1994 results in excess of expectations, and the shares shot up FFr30 or 4.6 per cent to FFr682. The news helped some other stocks in the automotive sector initially although Renault, which had risen as high as FFr170, lost momentum and closed off FFr1.20 at FFr163.50. Michelin made FFr6.30 to FFr213, while Valeo, the parts manufacturer, lost FFr2.50 to FFr269.50.

The CAC-40 index was propelled higher, helped by a firmer dollar, and finished with a gain of 7.10 to 1,882.00.

Mr Chris Will, automotive *analyst at Lehman Brothers,* said that the Peugeot results, the strongest in the sector, demonstrated that with operating costs reduced and volumes on the upturn, operating margins could surprise the market. Prior to detailed talks, particularly on currency fluctuations, he was revising his earnings per share estimates for 1995 up from a previous *FFr60-70* to a possible FFr80.

LVMH fared less well on its first quarter figures, down FFr33 or 3.5 per cent at FFr906 as investors took account of lower cognac sales to Japan as well as the effect of turbulence in the currency markets on overall performance.

Euro Disney, up FFr1.00 or 7.8 per cent to FFr13.80, was another of the day's strong performers, investors concluding that today's first half 1994/1995 results would show a considerable improvement.

FRANKFURT liked the dollar and Wall Street's late gains on Wednesday, the Dax index rising to 1,955.77 on the session *and holding to close the post* bourse 11.45 higher at an Ibis-indicated 1,955.33.

However, turnover eased from DM4.8bn to DM4.4bn and the day's over achievers mostly had the look of conventional current response: defensive and consumer stocks, and special situations featured with Commerzbank and RWE, the *electric utility, rising by just* under 2 per cent and Kaufhof, the department stores group, and Degussa, the specialist chemicals group with prospects in catalytic converters, up by slightly more than that.

In construction, Hochtief rose DM23, or 3 per cent to DM778. Mr Michael Geiger, German strategist at CS First Boston, said that the group had been relatively strong, if occasionally vulnerable this month; it was DM708 on March 30. He said that the group's full 1994 results were due next month but that initial indications suggested that Hochtief had done well although, holding net cash in the order of *DM2.5bn,* it *should* have been hit by bond market losses. Order books were said to be very encouraging and the absence of bond market losses, said Mr Geiger, could enhance earnings prospects for 1995.

AMSTERDAM was lifted by strength in the dollar and the AEX index finished with a gain of 1.60 to 405.94.

ABN Amro featured with a loss of Fl 1.50 to Fl 58.50; the bank reported a decline in profitability during the first two months of this year compared with the same 1994 period.

Brokers noted some switching out of ABN Amro into other financials: Aegon was up Fl 1.80 to Fl 118.80 and ING Fl 1.00 to Fl 80.40.

KLM was helped by news that its US partner, Northwest Airlines, had seen a rise in its first quarter earnings, and put on 50 cents to Fl 46.50.

ZURICH was mixed in individual share price terms, although the SMI index rose 27.4, or 1.1 per cent to 2,544.2. CS Holding bearers recovered SFr7 to SFr489 after Wednesday's drop in reaction to the bank's postponement of European presentations.

Georg Fischer bearers rose 3.2 per cent to SFr1,300 after the engineer's report of rising first quarter sales; but Swissair registered fell SFr15 to SFr660 as the airline combined forecasts of higher profits, and a dividend for 1995 with the warning that its break-even point was still rising.

MILAN was driven higher by short covering ahead of local elections. The Mibtel index advanced 89 to 9,907 and the Comit 2.73 to 618.46.

WARSAW traders noted a return of retail investors to the market as the Wig index, in spite of some mild profit-taking, rose 410.1 or 5 per cent to 8,535.7.

ISTANBUL set two more new records, the composite index closing 1,847.52, or 3.6 per cent higher at 52,711.16 and turnover rising from TL19,500bn to TL22,770bn. *ATHENS reflected* its interest in the Ionian Bank deposit rate cut this week to the banking sector which, along with other blue chips, helped the general index to a rise of 9.40, or 1.2 per cent at 811.51.

Written and edited by William Cochrane and John Pitt

FT-SE Actuaries Share Indices

Apr 20						THE EUROPEAN SERIES		
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1266.67	1268.74	1268.58	1271.04	1270.23	1270.55	1268.27	1267.68
FT-SE Eurotrack 200	1368.42	1368.07	1369.40	1371.04	1372.71	1372.81	1373.48	1372.02
	Apr 19		Apr 18		Apr 13	Apr 12	Apr 11	
FT-SE Eurotrack 100	1262.20		1269.49		1261.66	1261.77	1261.08	
FT-SE Eurotrack 200	1367.99		1372.33		1361.03	1378.71	1360.31	

Base 1000 (26/10/90); High/day: 100 - 1272.20; 200 - 1375.09 Low/day: 100 - 1266.67 200 - 1367.51 † Partial

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Dec 1994	Jan 1995	Feb 1995	Mar 1995	US $bn
Belgium	64.30	63.87	57.27	80.06	2.85
Denmark	23.21	22.75	22.09	20.80	3.83
Finland	10.20	11.16	14.03	10.92	2.54
France	174.08	141.32	152.25	188.23	38.84
Germany	99.98	114.94	125.64	187.27	136.89
Italy	44,176	66,215	54,807	50,617	29.84
Netherlands	19.50	27.00	27.30	32.00	20.92
Norway	26.46	24.19	23.48	18.84	3.07
Spain	1,172.56	1,066.13	1,062.36	1,104.50	8.77
Sweden	105.26	124.04	94.18	115.80	15.70
Switzerland	16.99	20.30	20.36	21.95	19.50
UK	41.67	49.38	47.52	62.52	101.79

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: NatWest Securities

Equity turnover in twelve of Europe's biggest stock markets climbed by *23.9* per cent in March after a *3.5* per cent fall in February. The accompanying fall of 0.4 per cent in the FT-Actuaries Europe index looks insignificant but, says Mr James Cornish of NatWest Securities, which produces the data, the figure cloaks a fall of 8.9 per cent in German share prices on the month, and gains of 4.3 per cent and 3.7 per cent in the UK and French indices.

These three countries saw rises in turnover of 49.1 per cent, 31.6 per cent and 22.3 per cent respectively. German turnover on London's Seaq International screen-based market was up by an even more massive 68.1 per cent, says Mr Cornish, suggesting a continuation of active international selling on the 6.6 per cent drop in the US dollar, which encouraged investors to switch out of the currency-threatened German economy, and into France and the UK.

ASIA PACIFIC

Nikkei average rises 1.6% helped by a firmer dollar

Tokyo

Wednesday's decline in the US trade deficit prompted hopes of an easing in the downward pressure on the dollar, lifting equity sentiment, and the Nikkei index closed up 1.6 per cent, *writes Emiko Terazono in Tokyo.*

The 225 average rose 266.98 to 16,643.06 after a low of 16,430.37 and a high of 16,665.30. Higher futures prices triggered arbitrage buying and banks bought large-capital stocks, absorbing profit-taking by domestic institutional investors.

The Topix index of all first section stocks gained 14.48, or 1.1 per cent, to 1,321.04 and the Nikkei 300 added 2.72, or 1.1 per cent, to 244.82. Advances overwhelmed declines by 848 to 177 with 132 unchanged.

In London, the ISE/Nikkei 50 index rose 6.01 to 1,095.62.

Volume rose above the 300m level for the first time in four market days, reaching 300m against 252m on Wednesday. Following the release of the US trade figures, the rebound of the dollar to the Y81 level encouraged institutions. All sectors gained ground, active trading supporting electric power utilities, *large-capital* steels and high-technology stocks.

Electricals, which had been depressed on the yen's recent volatility, regained ground. Toshiba rose Y8 to Y563 and Hitachi added Y15 to Y875. Carmakers, which have also been hit by the yen's recent strength, were firm. Toyota Motor rose Y40 to Y1,710 and Nissan Motor rose Y7 to Y621.

The dividend policies of electric power utility companies attracted banks, individuals and dealers. Lower interest rates have added to the charms of the sector, which offers higher yields relative to the whole market. Kansai Electric *Power rose Y10 to Y2,360 and* Shikoku Electric Power Y10 to Y2,340.

Speculative interest supported oils and mining companies following a rise in the *commodities markets* overnight. Reports that Iraq had rejected an UN plan for its limited return to the oil market helped the sector rise 2.4 per cent, with Mitsubishi Oil gaining Y18 to Y882 on active trading. Sumitomo Metal Mining rose Y9 to Y758 and Mitsui Mining and Smelting added Y2 to Y349.

In Osaka, the OSE average rose 227.38 to 18,145.70 in volume of 13m shares. Shima Seiki, the machinery maker, rose Y60 to Y4,340.

Roundup

The region was mixed yesterday.

WELLINGTON concentrated on the bid by International Paper for Carter Holt Harvey as the NZSE-40 capital index rose 10.56 to 2,123.83. Turnover was a moderate NZ$44m.

After the close of trading it was announced that IP had succeeded in its bid for control of CHH, unchanged at NZ$3.80, the country's second largest company.

Elsewhere, Fernz gained 15 cents to NZ$5.45 on news that it had purchased an Austrian agricultural chemical manufacturer.

SYDNEY was lower in the absence of buyers. The All Ordinaries index lost 14.4 to 2,026.0, in turnover of A$458m.

The downturn in commodity prices kept mining issues weak.

Among active issues BHP lost 16 cents to A$19.60, CRA 26 cents to A$19.44 and WMC 27 cents to A$7.58.

In the media sector, News Corp shed 15 cents to A$6.58 and Seven Network, which is facing a takeover bid, 14 cents to A$3.35.

TAIPEI moved higher in modest trade. The weighted index touched 6,167.56 before closing up 26.94 at 6,136.54. *Turnover was T$23.5bn.*

Financial stocks were sought out, the sector index rising 1.4 per cent. The big three banks, Chang Hwa, First and Hua Nan, all rose by T$2, to T$118, T$117.5 and T$122.5 respectively.

MANILA made gains on selective buying by foreign fund managers of blue chip issues. The composite index firmed 11.94 to 2,489.80 after an intra-day low of 2,476.14.

Turnover was moderate at 857.1m pesos.

BANGKOK made a late gain on buying of telecommunications stocks. The SET index put on 1.51 to 1,160.29, having fallen to an intra day low of 1,148. Turnover was an average Bt3.2bn. *TelecomAsia* added Bt1.50 to Bt92 in heavy turnover of Bt149.6m.

KUALA LUMPUR finished mixed as sellers re-appeared after a firmer morning session and the composite index ended down 1.18 at 962.64, with foreign funds remaining absent ahead of next week's elections.

Lower-priced speculative stocks dominated activity, led by Mulpha International which rose 2 cents to M$3.40.

Faber Group, part of the politically-linked Renong stable, firmed 10 cents to M$2.35.

SEOUL remained hesitant with a debt default by the unlisted Youone Construction hitting financial and construc*tion shares and the composite* index lost 1.13 to 908.73, off a high of 914.01.

In spite of the weaker tone, many blue chips maintained their strength. Samsung Electronics gained Won3,000 to Won120,000 and Hyundai Motor added Won800 to Won48,000.

Samsung Construction, one of the candidates rumoured to take over Youone, gained Won200 to Won21,300.

SINGAPORE was supported by demand for property and banking issues and the Straits Times Industrial index finished 3.13 higher at 2,039.30.

Brokers attributed the firming of some property stocks to a more upbeat outlook for *home prices after reports of* high prices being paid for a new homes project. DBS Land closed up 18 cents at S$3.78.

HONG KONG was moderately higher in dull trade in the absence of fresh news and the Hang Seng index climbed 49.51 to 8,631.37 in thin turnover of HK$2.2bn, up from Wednesday's HK$1.7bn.

The H share index of Chinese companies dipped 19.65 or 2 per cent to to 976.38. Yizheng Chemical fell 17 cents to HK$2.575.

BOMBAY received *some* early support as speculators bought to cover short positions on the last day of the monthly account but the market subse*quently turned lower and the* BSE-30 index finished 28.78 lower at 3,355.74.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 19 1995								TUESDAY APRIL 18 1995					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (83)	174.39	-0.7	159.91	89.38	122.78	157.42	-0.1	3.85	175.57	161.39	90.47	124.84	157.53	180.82	157.95	166.97
Austria (27)	189.56	1.0	173.82	97.15	133.45	133.37	0.0	1.30	187.75	172.58	96.75	133.50	133.42	198.89	167.46	177.72
Belgium (35)	192.90	0.8	176.88	98.86	135.80	132.67	-0.1	3.97	191.38	175.92	98.62	136.06	132.74	192.90	161.88	164.89
Brazil (28)	119.91	3.9	109.96	61.46	84.42	201.19	4.9	1.61	115.37	106.04	59.45	82.03	191.86	-	-	-
Canada (103)	135.67	-0.4	124.40	69.53	95.51	134.66	-0.3	2.59	136.18	125.18	70.17	96.83	135.08	140.25	120.54	124.07
Denmark (33)	269.70	0.8	247.31	138.23	189.88	196.35	0.2	1.62	267.52	245.91	137.85	190.22	195.94	275.27	236.61	248.83
Finland (24)	188.07	0.5	172.45	96.39	132.41	166.11	-0.2	1.44	187.11	171.99	96.42	133.04	166.40	201.41	133.88	143.40
France (101)	182.83	1.0	167.65	93.70	128.72	137.82	0.8	3.14	181.09	166.46	93.32	128.76	136.79	185.25	157.79	170.06
Germany (59)	151.10	0.3	138.56	77.44	106.38	106.38	-0.7	2.18	150.68	138.51	77.65	107.14	107.14	154.61	132.08	136.89
Hong Kong (55)	341.23	-0.5	312.90	174.89	240.24	338.69	-0.5	3.98	342.95	315.25	176.73	243.86	340.41	416.42	277.40	383.36
Ireland (16)	223.35	0.5	204.81	114.47	157.25	189.45	-0.2	3.59	222.35	204.39	114.58	158.11	189.92	224.32	180.67	188.75
Italy (58)	70.30	-0.2	64.47	36.03	49.50	89.89	0.3	1.70	70.45	64.76	36.30	50.10	89.63	97.78	65.45	89.21
Japan (483)	162.41	1.3	148.93	83.24	114.34	83.24	0.7	0.92	160.34	147.39	82.62	114.01	82.62	170.10	136.85	168.74
Malaysia (97)	482.90	-0.2	442.81	247.50	339.98	458.57	-0.3	1.75	483.83	444.75	249.32	344.04	459.98	594.76	398.16	481.25
Mexico (18)	905.41	2.1	830.24	464.04	637.44	6083.33	0.1	1.79	886.95	815.28	457.04	630.66	6056.03	2414.12	847.81	1830.03
Netherland (19)	242.31	0.8	222.19	124.19	170.60	167.71	-0.3	3.76	240.81	221.36	124.09	171.23	168.28	242.31	184.58	201.04
New Zealand (14)	82.70	-0.2	75.84	42.39	58.23	65.41	-0.1	4.49	82.85	76.16	42.70	58.92	65.46	82.85	63.45	64.94
Norway (33)	219.26	0.9	201.07	112.36	154.38	181.69	0.2	2.32	217.37	199.80	112.01	154.56	181.43	219.41	177.53	191.91
Singapore (44)	360.70	-0.4	330.76	184.87	253.95	231.60	-0.4	1.86	362.11	332.86	186.60	257.48	232.62	401.38	313.94	333.45
South Africa (59)	353.11	1.0	323.79	180.97	248.60	277.09	0.9	2.45	349.75	321.49	180.23	248.69	274.69	353.13	236.32	242.02
Spain (38)	135.62	-0.9	124.36	69.51	95.48	126.34	-0.7	4.50	136.87	125.81	70.53	97.32	127.19	160.21	124.10	135.43
Sweden (48)	244.49	0.0	224.19	125.31	172.13	264.02	0.0	2.18	244.39	224.65	125.94	173.78	264.10	249.14	196.70	210.06
Switzerland (47)	185.22	-0.1	169.84	94.93	130.40	128.23	-1.1	1.96	185.42	170.44	95.55	131.85	128.66	186.09	149.91	160.63
Thailand (46)	*134.53*	*-2.4*	*123.36*	*68.95*	*94.71*	*127.74*	*-2.5*	*3.33*	*137.84*	*126.70*	*71.03*	*98.01*	*130.96*	-	-	-
United Kingdom (203)	207.62	-0.5	190.38	106.41	146.17	190.38	-0.7	4.31	208.64	191.78	107.51	148.36	191.78	209.82	181.11	190.16
USA (510)	206.41	0.0	189.27	105.79	145.32	206.41	0.0	2.76	206.47	189.78	106.39	146.81	206.47	208.11	179.72	180.32
Americas (659)	189.09	0.0	173.39	96.91	133.12	158.59	0.0	2.73	189.06	173.79	97.42	134.43	158.58	-	-	-
Europe (741)	181.16	0.0	166.12	92.85	127.54	149.29	-0.4	3.27	181.09	166.46	93.31	128.76	149.89	182.33	160.59	166.43
Nordic (138)	236.10	0.4	216.50	121.01	166.22	208.06	0.0	1.87	235.27	216.26	121.23	167.29	208.00	237.38	197.70	202.16
Pacific Basin (822)	169.60	1.0	155.52	86.93	119.41	93.52	0.6	1.27	167.91	154.34	86.52	119.39	92.99	176.86	145.93	166.69
Euro-Pacific (1563)	174.32	0.6	159.85	89.34	122.73	114.80	0.1	2.14	173.30	159.29	89.30	123.22	114.63	175.14	154.73	166.55
North America (613)	202.03	0.0	185.25	103.54	142.23	201.54	0.0	2.76	202.11	185.78	104.15	143.71	201.62	203.68	176.47	176.83
Europe Ex. UK (538)	162.86	0.3	149.34	83.47	114.66	126.40	-0.2	2.69	162.30	149.19	83.63	115.40	126.67	163.48	144.12	148.88
Pacific Ex. Japan (339)	242.72	-0.5	222.57	124.40	170.89	212.91	-0.4	3.28	244.02	224.31	125.75	173.52	213.13	273.13	211.18	247.35
World Ex. US (1771)	174.55	0.6	160.06	89.46	122.89	118.15	0.2	2.15	173.51	159.49	89.41	123.38	117.94	176.65	155.42	166.99
World Ex. UK (2078)	*181.62*	*0.5*	*166.54*	*93.08*	*127.87*	*139.48*	*0.2*	*2.16*	*180.78*	*166.17*	*93.16*	*128.54*	*139.21*	*181.62*	*163.46*	*168.50*
World Ex. Japan (1788)	197.36	0.0	180.97	101.15	138.94	182.19	-0.2	2.97	197.35	181.41	101.70	140.33	182.47	197.95	176.74	176.77
The World Index (2261)	183.92	0.4	168.65	94.26	129.48	143.93	0.1	2.37	183.23	168.43	94.42	130.29	143.78	183.92	165.82	170.42